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FEDERAL AGRICULTURAL MARKETING AND PRICES LEGISLATION
CANADA, 1930 to 1950

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FOREWORD

The purpose of this reference paper is to outline the types of federal agricultural marketing and prices legislation in Canada, and the degree of activity occurring under each of the various acts. The period under review, 1930-1950, takes in a depression, a world war, and a post-war period. Each period has its own characteristic problems and requires a separate diagnosis and a different program.

This preliminary report is divided into four chapters. The first chapter outlines briefly the nature of, and changes in, federal agricultural legislation. The second chapter provides some of the economic background, and the third chapter reviews the marketing and prices legislation. It covers the period 1934 to 1950, and describes the legislation and the action programs falling within the scope of the legislation listed. The third chapter is also divided into two parts: the first, dealing with peacetime legislation, the second covering in some detail the wartime price control and transitional period decontrol programs.

The fourth chapter summarizes the text. There are three appendices, one covers briefly the constitutional aspects, the second lists the marketing legislation of a regulatory nature, and the third outlines the administrative set-up of the various agencies referred to in this report.

This reference paper was prepared by Frank Shefrin of the Economics Division, Marketing Service, Department of Agriculture.

Grateful acknowledgments are extended to members of the Departments of Agriculture and Trade and Commerce for their assistance and constructive suggestions, and to Miss Marjorie Cameron of the Economics Division for doing much of the detail work. The source of materials used is indicated in footnotes.

Chapter 1. Introduction

The traditional policy of Canadian governments with respect to agriculture had, for many years prior to 1930, centred in the encouragement of production and the facilitation of exports. The Federal Government increased its appropriation for experimental work and for scientific research during the 1920's. Additional experimental farms and laboratories were established and new fields of study undertaken. The opening of the Rust Research Laboratory, the expansion of the National Research Council, the addition of the Economics Branch to the Department of Agriculture, and the expansion of the services of the Dominion Bureau of Statistics in the field of agricultural statistics, are evidence of the desire to improve agricultural services after the first world war.

In marketing, the inspection and grading of farm products were expanded. Grading for domestic sale, including sales to consumers, was added to services that had previously been confined, in the main, to grading for export.^{1/} The inspection and certification of seed, notably potatoes, was extended. In the case of hogs, a program was launched which resulted in the almost complete conversion of the hog industry from the production of lard type to bacon type hogs. This was due to the effort by Canada to recapture a share of the United Kingdom market - a market that had been served in substantial volume during World War I but which had been almost completely lost in the years following due to successful competition of Danish hog producers.

Government policies in the twenties and thirties became more diffuse. A good deal of new legislative ground was broken. The agricultural industry, due to the effect of many economic and institutional forces within and outside the industry, found it difficult to make the necessary organizational adjustments

^{1/} See appendix B.

Chapter 1. Introduction

The traditional policy of Government with regard to agriculture has, for many years prior to 1930, centered in the encouragement of production and the facilitation of export. The Federal Government increased its expenditure for experimental work and for scientific research during the 1920's. Additional experimental farms and laboratories were established and new fields of study undertaken. The opening of the Rural Research Laboratory, the expansion of the National Research Council, the addition of the Economics Branch to the Department of Agriculture, and the expansion of the Bureau of Plant Industry in the field of agricultural statistics, are evidence of the desire to improve agricultural services after the first world war. In marketing, the introduction and creation of new products were expedited. Credit for domestic sales, including sales to consumers, was added to services that had previously been confined to the sale of goods for export. The inspection and certification of seeds, cotton, and wool was expanded. In the case of hops, a program was instituted which resulted in the almost complete restoration of the hop industry. The production of lamb was to become important. This was due to the effort by Canada to recapture a share of the United Kingdom market - a market that had been secured in substantial volume during World War I but which had been almost completely lost in the years following due to successful competition of British wool producers. Government policies in the twenties and thirties became more diversified. A good deal of new legislative ground was broken in the agricultural industry due to the effects of many economic and industrial trends within and outside the industry. It is difficult to make the necessary organizational adjustments

as prices of farm products and farm income fluctuated violently.

A departure from governmental traditional policy was provided in the field of marketing. With the collapse of agricultural prices after 1929 and the difficulties encountered by both cooperative and private agencies in disposing of farm products, strong pressure developed for the enactment of legislation that would enable farmers and others to control the marketing of farm products.

When the pools became entangled in financial difficulties in 1929 and 1930, due to falling prices, the Federal Government intervened in the marketing of wheat. The Dominion Government attempted to meet the emergency by initiating marketing stabilization measures through the Central Selling Agency. Although they were of an avowed "temporary" nature, they were continued over the period 1930-35. Provision was made for stabilization measures of a permanent character in 1935 when the Dominion Parliament passed "The Canadian Wheat Board Act." The Act did not require every farmer to sell his wheat to the Board; rather, it merely required the Board to purchase all wheat offered to it at a fixed initial advance, accompanied by the issue of participation certificates. If he so desired, the farmer was perfectly free to make delivery on the open market.

Marketing boards, for commodities other than wheat, on a Dominion and provincial basis, were established during the thirties. The Natural Products Marketing Act, passed in 1934, was aimed at improving the methods and practices of marketing of natural products in Canada and in export trade. The Act provided for the establishment of a Dominion Marketing Board. All the provinces of the Dominion

passed marketing legislation ancillary to the Natural Products Marketing Act. In June, 1936, the Act was declared ultra vires by the Supreme Court of Canada. Several provinces, however, enacted provincial marketing legislation.

By 1939, all the provinces of Canada, except British Columbia, possessed governmental agencies to control the purchase and sale of milk intended for consumption in fluid form. These agencies cooperated with the Wartime Prices and Trade Board in the administration of milk prices during the war years.

In a somewhat different category was legislation enacted to deal with situations arising out of crop failures and drought conditions. In order to aid farmers who suffer low yields because of uncontrollable factors, the Prairie Farm Assistance Act was passed in June, 1939; it provides for the making of direct money payments by the Dominion to farmers experiencing low crop yields in the spring wheat area of Canada. The Act provides for a levy of one per cent of the purchase price on all grain marketed in Canada.

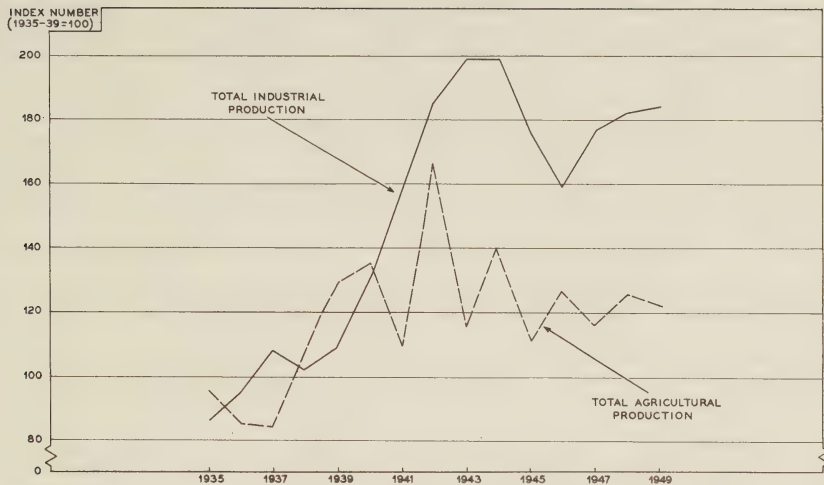
Farmers have had to contend with crop failure on the prairies of Western Canada. The drought began in 1929 and continued for as many as nine crop years in some localities. During this period, many millions of dollars were advanced by the Dominion and provincial governments to provide seed and feed, and to relieve distress. Out of this disaster was born a program of rehabilitation and improved agriculture, under the authority of the Prairie Farm Rehabilitation Act, 1935.

This program has as its main objective the adjustment of prairie agriculture to new conditions imposed by the severe droughts of the 1930-1937 period and by depressed conditions affecting western grain production since 1929. It includes the construction of stock-watering dams and the restoration of poor land from cultivation to grazing. On these community pastures, male breeding animals of suitable breeds of cattle are maintained in sufficient numbers by the government. In 1946 the Maritime Dykeland program was inaugurated to reclaim land from the Nova Scotia and New Brunswick marshes. The Maritime Marshland Rehabilitation Act was passed in 1948 and construction under its authority began from May 1, 1949.

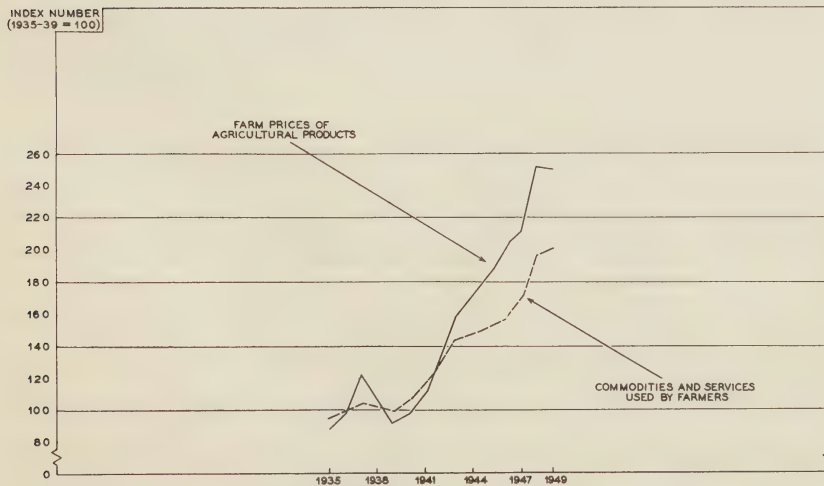
Another governmental measure that helped the agricultural industry was the Canadian Farm Loan Board. The Board, at present, carries on lending operations throughout Canada and has branch offices to handle the business arising in each province. Short- and intermediate-term credit granting by banks was facilitated by such legislation as the Farm Improvement Loans Act.

Much of the federal and provincial legislation in the 1925-1939 period was thus designed to support the agricultural industry during periods of economic duress. Some of this legislation and resultant institutions became of long term duration. During the war years most legislation was concerned with war policy, although in 1944 the Agricultural Prices Support Act and the Farm Improvement Loans Act were passed in the House. In the period following the war the Federal Government enacted the following agricultural marketing legislation: the Agricultural Products Act and the Agricultural Products Marketing Act.

The following chapters outline in brief the federal policy affecting marketing and farm prices. Chapter II reviews the movement of prices of agricultural products in the period between 1914 and 1949. Chapter III deals with agricultural and prices legislation. This chapter is divided into two parts: (a) legislation introduced in the pre-war years and continuing through into the war and post-war years, and legislation introduced in the post-war years; and (b) wartime price policies. A brief reference is also made to provincial marketing legislation. Some of the policies as spelled out in the legislation were primarily aimed at providing the necessary marketing mechanisms and some involved direct price measures. However, directly and indirectly, the legislation was designed to minimize price fluctuations and to reduce the rate of price decline or prevent any decline.



Volume of Industrial and Agricultural Production, Canada, 1935-49^a,
a/ 1949 Preliminary



Prices Received and Prices Paid by Farmers, Canada, 1935-49

Chapter 2. The Movement of Prices of Farm Products, 1914-1949

Two wars and a severe depression in a period of 30 years placed stress and strain upon the Canadian farming population. Farm prices and farm incomes were unstable.^{1/} This instability was aggravated by the fact that in agriculture producing units (farms) are numerous, and the typical unit is small, yields are influenced by weather conditions, production cycles and other similar factors over which farmers have no control.

1914-1939.- The economic changes during the 1914-39 period are reflected in the price movements. Prices, as a whole, were not controlled during 1914-23, apart from those of wheat and some activities of the Food Board created in 1917. They reacted primarily to demand from overseas countries. Great Britain, France and other Allies competed freely with one another for their war supplies and paid cash until early in 1917. The increase of prices

during the period from 1914 to 1920 brought prosperity to many branches of Canadian agriculture. A somewhat slower upward movement of the general price level added to the farmer's advantage. As a result, purchasing power was relatively favourable. Much of the increased revenue went into additional farm equipment and enlarged farms.... Under the stimulus of rising prices and increased demand land values rose very appreciably.^{2/}

Starting with 1914, prices of farm products rose. At the conclusion of World War I, production capacity was, to a large extent, taxed by the accumulation of normal requirements and prices mounted to new heights. The farm products wholesale price index reached a peak in May 1920 of 249.1 (1935-39 base), almost 142 per cent above the 1914 average. The price of wheat during the period between July 1914 and May 1920 increased 189 per cent. Prices of other products, such as hogs and cattle, rose by 129 per cent and 60 per cent, respectively.

In the inter-war period, Canadian farmers experienced conditions that were,

^{1/} For more details see "Farm Income: Cash and Net, 1926 to 1948."

^{2/} Booth, J.F. "Wars and Their Effect on Agriculture with Particular Reference to Canadian Experience." Scientific Agriculture, Vol. 20. pp. 445-52. April 1940.

for the most part, unfavourable. After the boom ended in 1921, the difficulties of selling wheat and other farm products began. A loss of export markets, declining prices and wide disparities between the prices received for products and the cost of goods purchased, resulted. A great area of prairie farm land was overcapitalized and subjected to heavy fixed charges in the period of high wheat prices. The high land values reflected high potential rather than actual farm incomes, for the yields in those years were low. The cattle industry which had increased greatly during War I, particularly in Alberta, was badly hit by the United States Emergency Tariff of 1921 and the Fordney-McCumber Tariff of 1922. Between 1920 and 1930 many attempts were made at international reconstruction. However, policies of national self-sufficiency and trade restrictions in various forms persisted.

Between the spring of 1920 and the summer of 1922, the period referred to as the post-war depression, farmers had the most unhappy experience. From a pinnacle of 249.1 in May 1920, index numbers of wholesale prices of farm products tumbled to 113.8 in September 1922, and continued around that point through 1923 and the first six months of 1924. The historic crash of prices in 1920 and 1921, amounting to a drop in wholesale prices of all goods of more than 41 per cent and in wholesale farm prices of almost 44 per cent between May 1920 and December 1921, necessitated painful readjustments which bore heavily upon farmers who bought land during the years of inflation.

Wheat prices ran a disastrous course, plunging to levels not much more than a third of the 1920 summit. Hides and linseed oil dropped by mid-1921 one-seventh and one-quarter, respectively, from the dizzy heights attained in 1919. Shrinking exports were the dominant factor in the downswing of prices.

The movement of prices had drastic effects on the Canadian agriculture and other sections of the economy, not so much because of the extent of the fall (although it was one of the most severe ever experienced following an almost equally abrupt rise) but because of the great disparities which developed.

Many farmers incurred heavy indebtedness during this period to acquire this additional land and equipment; and to make matters worse, the wheat crops of 1918 and 1919 were substantially below normal. Wages of farm labour during the period increased from an average of \$155 per year in 1914 to \$543 in 1920.^{1/}

During the rapid expansion of the war years, Prairie farmers had, as indicated previously, incurred heavy debts, purchased much machinery, equipment and land at the high war prices. Selling prices (wholesale prices) fell more rapidly than costs (cost of living, wages, freight rates, interest rates, etc.). The situation, as indicated earlier, was further aggravated by the United States tariff increases of 1921 and 1922 which sharply restricted the substantial exports of livestock and livestock products to the United States. The decline in the purchasing power of Western agriculture, combined with rigid costs, brought a sharp curtailment of demand for manufactures from Central Canada.

This was followed by a period of recovery between 1924 and 1929. The re-establishment in currency values, when the gold standard again became generally effective, and price levels stabilized, explains in part this recovery. But the seven-year period between 1930 and 1937 was the most acute in Canada's agricultural experience. The index number of farm commodity wholesale prices (1935-39 base) declined by 62 per cent between August 1929 and December 1932. The decline in wholesale prices of all products was much less significant. Taking the same period, August 1929 to December 1932, the index number of wholesale prices of all commodities dropped by only 35 per cent.

Cash farm income that reached a level of 1,046 million dollars in 1928 declined to 384 million dollars in 1932. Exports of farm products fell from 748 million dollars in 1928 to 252 million dollars in 1933. Reflecting these depressed prices and income from the sale of

^{1/} Booth, J.F. Ibid.

farm products, the value of farm property depreciated 30 per cent. To make matters worse during this period, Western farmers experienced years of crop failure due to drought.

It was not until 1937 that there was a substantial recovery in prices of farm products. But a further recession immediately followed and the close of the decade found farm prices still more than a third below the 1926 level.

1940-1945.- The wartime price stabilization program, as applied in Canada, did not result in a freezing of prices received by farmers. Prices for most farm products (exceptions being wheat and some oil crops) were free to fluctuate under the price ceiling.

The upward movement in prices between September 1939 and September 1945 was most marked in farm prices. The initial effect of the declaration of war in September 1939 on farm prices was an upward movement. This was due to the anticipation on the part of all that the war might bring, almost at once, a greater demand for Canadian products. But the prices of farm products declined when the market failed to develop as anticipated, and Belgium, the Netherlands, Norway, Denmark and France were invaded. The wholesale price index of field products was 97.5 (1935-39 = 100) in April 1940, and fell to 78.0 in August of the same year. The reason for this marked decrease was the loss of markets as the invaded countries were buyers of Canadian wheat and feed grains. The livestock price indexes remained relatively steady. From September 1940 there was an upward movement of wholesale prices of farm products. By December 1941, when the overall price ceiling was imposed, wholesale prices of farm products had risen almost 23 per cent above the prices at September 1939. During the same period, field product prices rose 18.0 per cent and animal product prices about 26.7 per cent.

The recovery of farm buying power was especially true of products for domestic consumption, while the price of wheat, the major export crop, was held down somewhat by the accumulated surpluses.

The wholesale prices of all farm products, especially livestock and livestock products, advanced materially between 1939 and 1945 and, on the whole, prices by V-E day were considerably above the immediate pre-war and 1926-29 levels. This latter development was in line with the Government's policy of encouraging increased farm production at a time when agricultural labour was in very short supply and extra effort was required from the remaining farm population. The index number of wholesale prices^{1/} of Canadian farm products was 84.3 in August 1939. By August 1945 the index number had risen to 167.5, an increase of 98.7 per cent. For the same period, the index number of wholesale prices of field products increased by 119.7 per cent and for animal products by 82 per cent.

The index number of prices of agricultural products received by farmers as of August 1945 stood at 195.1.^{1/} This was an increase of more than 112 per cent over the annual farm price index of 1939. Farm prices rose slowly during the first two years of war and then more rapidly in 1943 and 1944.

Of great significance was the notable reversal at the end of 1942 in the relationship of farm product prices to prices of manufactured goods. Except for a brief period during 1937, farm prices had been depressed relative to other prices for a period of twelve years prior to the end of 1942. The favourable relationship with other prices, enjoyed by the farm population during the latter part of the twenties, was restored by the middle of 1943 during a period of anti-inflationary government controls. The reasons for the advance in farm product prices are to be found in the need to encourage greater farm output in the face of a critical shortage of farm labour, in the relatively low level of farm product prices at the time when overall ceilings were imposed, and in the

^{1/} 1935-39 = 100.

difficulties of placing ceilings on farm commodity markets.

While prices of farm products were allowed a substantial increase, costs rose relatively slowly. The index number of farm prices and wholesale prices of agricultural produce, respectively, increased by almost 101 per cent and about 76 per cent between 1939 and 1945 as compared with an increase of 53 per cent in the index number of prices of goods and services used by farmers for the same period. Each of the eleven component factors making up the cost index contributed to the increased cost of production. Farm wages and cost of building materials showed the greatest increase. Subsidy payments by the Federal Government kept feed cost fairly constant to the feeder in Eastern Canada and British Columbia who bought after April 1942, and kept fertilizer prices unchanged. Special subsidies on gasoline and removal of customs duty on farm machinery allowed only a moderate increase in prices of these commodities. Interest on farm mortgages showed a slight decline. Farm implements which are an important item showed only a six per cent increase.

In discussing the progressive upward trend in farm and wholesale prices of agricultural products, it should be remembered that during the decade preceding the war, with the exception of the years 1937 and 1938 (and even these years were well below the 1926-29 level), there were some very lean years. At the time war was declared, wholesale prices of farm products were still more than 36 per cent below the 1929 level. Even at the time when overall price control was applied in December 1941, prices were more than 22 per cent below the 1929 level. It is no wonder that control as applied to agricultural prices (at wholesale and retail levels), at a time when such prices might normally be expected to rise more rapidly than the prices of other products, was unpopular among farmers. They were willing to recognize the desirability of stabilizing the economy. It was felt that such a program, if it were to perpetuate inequality, would not be acceptable and perhaps unworkable. Farmers and their spokesmen pointed out that it was not desirable to allow the continuance of the disparity between farm income and earnings of most

other economic groups characteristic of the thirties - to a large extent still in effect when the stabilization program was announced. This reasoning was recognized by the Federal Government. Accordingly, little or no effort was made to prevent farm product prices from rising during the early part of the war. Even after an overall price ceiling was introduced, it was attempted to make this policy as flexible and equitable as possible to the farmer. At the same time, another reason for permitting further price increases, and also paying subsidies in the period since the ceiling was imposed, was to facilitate further expansion in the farm production of the kind for which there was urgent need, and to encourage extra effort on the part of farmers and their families to offset lack of help and shortage of needed equipment.

1946-1949.- The level of prices of farm products was influenced by the decontrol program^{1/} and the high level of employment and income.^{2/} The index number of wholesale prices of agricultural products increased from 177.0 in 1946 to 225.2 in 1949, or 27 per cent. Most of this increase was due to a 46.5 per cent rise in the animal products index. The farm prices of agricultural products index in the same period rose from 200.8 to 250.5, an increase of almost 25 per cent. This increase in prices of farm products reflected a strong domestic and export demand.^{2/}

However, during the same period of high prices a number of farm commodities became subject to price support action.^{4/} This was due to such factors as a loss of export outlets and large crops.

^{1/} For details see chapter 3.

^{2/} The gross national product increased from \$11.8 billion in 1945 to \$15.9 billion in 1949. The level of civilian employment rose from an estimated 4.4 million at June 1, 1945 to 5.0 million at June 1, 1949.

^{3/} The long term export contracts are outlined in "Exports of Canadian Farm Products, War and Post-War Developments" by Frank Shefrin. Dept. of Agriculture, Ottawa. Feb. 1949.

^{4/} See chapter 3.

Chapter 3. Marketing and Prices Legislation

Current agricultural legislation makes possible three procedures for minimizing farm price fluctuations and maintaining farm prices at some established level. These are as follows: (a) co-operative action on part of producers, with federal assistance in the form of financial guarantees; (b) marketing action at the provincial and federal levels requiring the active co-operation of farmers and the provincial and federal governments. This involves legal sanction but not necessarily financial assistance; (c) direct price support action by the federal government involving direct government participation in the form of financial grants and/or actual purchase of the farm product at specified minimum prices.

The administration of this overall program is the responsibility of the Federal Department of Agriculture and, in the case of wheat, oats, barley and flaxseed, the Federal Department of Trade and Commerce.

Some of the current legislation is a carryover from the prewar period of "the thirties." Other legislation is a by-product of wartime conditions and prewar experience.

The balance of this chapter covers marketing and prices legislation passed in the thirties, the special wartime measures and the post-war developments. Brief reference is also made to provincial marketing legislation. The wartime price measures and decontrol program as they affected agricultural commodities are considered in separate sections of this chapter.

During the nineteen thirties a type of agricultural marketing control was developed in the United States and Canada in which the government acted as a referee while farm organizations set up and operated their own marketing schemes. These schemes were, to some extent, an extension of the attempts made by co-operative organizations to control surpluses. The first Canadian national effort along these lines came with the passing of the Natural Products Marketing Act.

The Natural Products Marketing Act, 1934.^{1/} The basic purpose of this Act was to minimize price fluctuations and achieve better returns for the producers of farm products through the regulation of the quantity which might be marketed. During the period of more than three years that the Act was in force the Federal Government spent \$1.4 million in the form of assistance. Under it, 22 marketing schemes were approved. The products to which the Act was applicable were

animals, meats, eggs, wool, dairy products, grains, seeds, fruit and fruit products, vegetables and vegetable products, maple products, honey, tobacco, lumber, and such other natural products of agriculture and of the forest, sea, lake or river, and any article of food or drink wholly or partly manufactured or derived from any such product that may be designated by the Governor in Council, in accordance with the provisions of this Act.

The actual products that came under this Scheme included fruit, tobacco, dry beans, vegetables, jam, cheese, butter, berries, sheep, halibut, smoked herring, dried salt herring, dried salt salmon, and shingles.

The assumption made in the preamble of the Act was that the methods of marketing of natural products in Canada and in export trade were not satisfactory. The Act was intended to provide legislation by means of which these methods and practices could be changed.

^{1/} An Act to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provision in connection therewith. 24-25 George V. Chap. 57. Assented to 3rd July 1934. This Act was declared ultra vires of the Parliament of Canada in 1936.

The Act^{1/} gave the Dominion Marketing Board certain powers and these powers could be delegated to a local board created by the marketing scheme. These powers were as follows:

To regulate the time and place at which and to designate the agency through which the regulated product shall be marketed, to determine the manner of distribution, the quantity and quality, grade or class of a regulated product that shall be marketed by any person at any time, and to prohibit the marketing of any of the regulated product of any grade, quality or class.

Only products for which the principal market was outside the province of production or of which some part was exported could be regulated under the Act. In other words, the Act was primarily concerned with the regulation of the marketing of natural products in inter-provincial and export trade, which authority was not possessed by provincial governments. However, as the terms of the Act made it possible also to regulate trade, which was purely local and of local concern, as well as trade which was interprovincial and export in nature, the legislation after being submitted to the Supreme Court of Canada and the Privy Council was declared ultra vires.

In November 1935 a reference was made to the Supreme Court of Canada for an

^{1/} The Act also included four major provisions:

"1. Provision for the formation of local boards to exercise powers, under the supervision of the Dominion Board, which may be delegated to them by the Dominion Board, for regulating the marketing of natural products produced or owned by those who come within the control of such boards.

"2. Provision for the regulating of marketing and the marketing of natural products in interprovincial or export trade, by the Dominion Marketing Board directly or in co-operation with local boards or through any agency which it may establish.

"3. Provision under Order in Council to regulate or restrict the importation into Canada of any natural product which enters Canada in competition with a regulated product and to regulate or restrict the exportation from Canada of any natural product.

"4. Provision for the investigation of marketing conditions and practices in connection with natural products and the power to prosecute every person who, to the detriment or against the interest of the public, charges, receives or attempts to receive any spread which is excessive or results in undue enhancement of prices or otherwise restrains or injures trade or commerce in the natural or regulated product."

Barton, G. S. H. The Natural Products Marketing Act, 1934. Background of the Natural Products Marketing Act 1934 and Schemes Approved under the Act by the Dominion Marketing Board prior to and including February 1st, 1935.

opinion as to whether the Parliament of Canada had legislative jurisdiction to enact the Natural Products Marketing Act of 1934, and the Amendment to the Act of 1935. When the reference was made the Dominion Marketing Board suspended all activities in connection with any proposed marketing schemes, but schemes in operation were continued. On June 17, 1936, the Supreme Court of Canada gave the opinion that the statute, in the unanimous opinion of the Court, was ultra vires. The summary of the Court's opinion was as follows:

In effect, this statute attempts and indeed, professes, to regulate in the provinces of Canada, by the instrumentality of a commission or commissions appointed under the authority of the statute, trade in individual commodities and classes of commodities. The powers of regulation vested in the commissions extend to external trade and matters connected therewith and to trade in matters of interprovincial concern; but also to trade which is entirely local and of purely local concern.

Regulation of individual trades, or trades in individual commodities in this sweeping fashion, is not competent to the Parliament of Canada and such a scheme of regulation is not practicable 'in view of the distribution of legislative powers enacted by the Constitution Act, without the cooperation of the provincial legislature' to quote from the judgment of the Judicial Committee in the Board of Commerce case.

The legislation, for the reasons given, is not valid as an exercise of the general authority of the Parliament of Canada under the introductory words of section 91 to make laws 'for the Peace, Order and good Government of Canada'.^{1/}

The opinion of the Supreme Court was referred to the Judicial Committee of the Privy Council and a judgment of that body was delivered on the 28th of January 1937. The opinion of the Supreme Court was sustained by the Privy Council. An extract from the judgment is given below.

The Board were given to understand that some of the Provinces attached much importance to the existence of marketing schemes such as might be set up under this legislation: and their attention was called to the existence of Provincial legislation setting up Provincial schemes for various Provincial products. It was said that as the Provinces and the Dominion between them possess a totality of complete legislative authority, it must be possible to combine Dominion and Provincial legislation so that each within its own sphere could in co-operation with the other achieve the complete power of regulation which is desired. Their Lordships appreciate the importance of the

^{1/} (1936) 3 Dominion Law Reports. p. 644.

desired aim. Unless and until a change is made in the respective legislative functions of Dominion and Province, it may well be that satisfactory results for both can only be obtained by co-operation. But the legislation will have to be carefully framed, and will not be achieved by either party leaving its own sphere and encroaching upon that of the other. In the present case their Lordships are unable to support the Dominion legislation as it stands. They will, therefore, humbly advise His Majesty that this appeal should be dismissed.^{1/}

The Dominion Marketing Board ceased all activities under the Act on December 31, 1937.

Below is given a list of marketing schemes which were approved by the Governor in Council upon the recommendation of the Dominion Marketing Board, and the dates of approval.

<u>Approved Schemes</u>	<u>Date of Approval</u>
The British Columbia Tree Fruit Scheme	25: 8:34 29: 6:35
Fruit Export Marketing Scheme	8: 9:34
The British Columbia Red Cedar Shingle Export Scheme	16:10:34
The British Columbia Dry Salt Herring and Dry Salt Salmon Marketing Scheme	22:10:34
Flue-Cured Tobacco Marketing Scheme (Ontario)	26:10:34
Milk Marketing Scheme of the Lower Mainland of British Columbia	1: 1:35
Eastern Canada Potato Marketing Scheme	18: 1:35
Western Ontario Bean Marketing Scheme	31: 1:35 28:10:35
B. C. Coast Vegetable Marketing Scheme	4: 3:35
British Columbia (Interior) Vegetable Marketing Scheme	4: 3:35
Canada Jam Marketing Scheme	10: 4:35
The B. C. Hothouse Tomato and Cucumber Scheme	10: 6:35
The British Columbia Halibut Marketing Scheme	10: 6:35
The British Columbia Small Fruits and Rhubarb Marketing Scheme	10: 6:35
Ontario Cheese Patrons Marketing Scheme	25: 6:35

The Processed Berry Marketing Scheme	29: 6:35
Dairy Products Marketing Equalization Scheme	25: 7:35
British Columbia Sheep Breeders' Marketing Scheme	12: 8:35
Nova Scotia Apple Marketing Scheme	10: 8:35
Grand Manan Smoked Herring Products Scheme	15: 8:35
Burley Tobacco Marketing Scheme (Ontario)	3: 9:35
Butter Export Stabilization Scheme	18: 9:35

The Canadian Wheat Board Act, 1935^{1/}.- Under this Act provision was made for wheat price stabilization measures of a permanent character. A Board of three members was appointed, and the Minister of Trade and Commerce became the responsible Minister. The intent of the Act was to protect the Canadian producer against untimely developments in the international wheat situation.

The origin^{2/} of the present Canadian Wheat Board can be traced back to the Board of Grain Supervisors established by Order in Council on June 11, 1917. The Board of Grain Supervisors assumed the role of the only seller in respect to all wheat produced in Canada, acting as the intermediary between the farmers and the Wheat Export Company, the agency making purchases on behalf of the Allied Governments. Trading in wheat futures was suspended on the Winnipeg Grain Exchange from September 1, 1917 to July 21, 1919. Futures trading was again resumed for ten days; then on July 31, 1919, the Canadian Wheat Board was appointed by Order in Council and assigned the task of disposing of the remainder of the 1918 crop as well as of the entire 1919 crop. Whereas the 1917 Board had been established because the open market was not regarded as competent to cope with centralized buying, the 1919 Board was set up because it appeared that in 1919-20 there would exist neither this centralized buying nor any open market of the pre-

^{1/} An Act to provide for the Constitution and Powers of the Canadian Wheat Board. 25-26 George V. Chap. 53. Assented to 5th July, 1935.

^{2/} This historical outline is based upon material appearing in the Canada Year Book, Hansard, the actual Acts and in the Canadian Wheat Board Reports.

war type. The Wheat Board ceased functioning in 1920,^{1/} and the open-market system was resumed.

The nineteen twenties were characterized by the growth of co-operative marketing agencies. The Alberta Co-operative Wheat Producers Limited commenced operating in 1923, followed by the Saskatchewan and Manitoba Wheat Pool organizations in 1924. In 1924 the three Provincial Pools co-operated to form a Central Selling Agency known as the Canadian Co-operative Wheat Producers Limited. When the pools became entangled in financial difficulties in 1929 and 1930 with the advent of a period of falling prices, the three provincial governments and the Federal Government came to their assistance. The Federal Government gave the chartered banks guarantees in respect to the advances they had made to the pools. In addition the Federal Government attempted to meet the emergency by initiating marketing stabilization measures through the medium of the Central Selling Agency. These measures amounted to the holding of cash grain and the purchasing of futures at times when such was deemed advisable in the interests of stabilization.^{2/} Although they were of an avowed "temporary" nature, they were continued over the period 1930-35. However, world wheat prices continued to fall and it became increasingly difficult to dispose of our surplus wheat. As a result, the Government in 1935 passed wheat marketing legislation.

The Canadian Wheat Board Act, 1935,^{3/} provided for a voluntary marketing organization to purchase wheat from farmers at a fixed price and to issue participation certificates which entitled the producers delivering to the Board to receive a share of any profits realized by the Board.

By section 8, the Board was empowered,

to sell and dispose of from time to time all wheat which the Board may acquire, for such price as it may consider reasonable, with

^{1/} Government announcement July 16, 1920.

^{2/} A bonus of 5 cents per bushel, paid on the 1931 crop, amounted to \$12.7 million. This was actually a relief payment rather than a price support item.

^{3/} Hansard. June 12, 1935. p. 3577. Statement by the Prime Minister.

the object of promoting the sale and use of Canadian wheat in world markets.

The Act did not require every farmer to sell his wheat to the Board; rather it merely required the Board to purchase all wheat offered to it at a fixed initial advance, accompanied by the issue of participation certificates. If he so desired, the farmer was free to make delivery on the open market.

The Board could, with the approval of the Governor in Council, apply the terms of the Act to oats, barley, flax and rye.

In marketing its stocks the Board, under the Act, was required to utilize existing marketing agencies, but if any such agencies are not operating satisfactorily the Board could institute its own. The Board does not own or operate any elevators in Canada. To provide for the handling of Board wheat at all stages the Board negotiated a handling agreement with elevator companies operating in Western Canada. In essence this agreement provides that elevator companies receive wheat for delivery to the Board, pay the producer the fixed price according to the grade of wheat delivered, issue producers' certificates, store, insure, finance, and arrange for shipment of Board wheat until such time as Board wheat is delivered to the Board at a terminal market. For services rendered in the handling of Board wheat elevator companies receive proper remuneration.

The Canadian Wheat Board submits a monthly report to the Minister of Trade and Commerce, showing its purchases and sales, wheat stocks and contracts on hand, and its general financing position.

The Act gave no guidance in the establishing of minimum prices except as indicated in Section 8^{1/} that

it shall be the duty of the Board: to fix a price to be paid to the producers for wheat delivered to the Board,...subject to the approval of the Governor in Council; to sell and dispose of from time to time all wheat which the Board may acquire, for such price as it may

^{1/} The Canadian Wheat Board (reprinted from The Canada Year Book, 1939 and 1947 editions). Ottawa. 1947. p. 9 for further details.

consider reasonable, with the object of promoting the sale and use of Canadian wheat in world markets.

The minimum price set under the Act was a domestic price that the Board was willing to pay producers for wheat. There was no necessary relationship between the domestic fixed price and the price at which the Board sold to shippers or exporters.

Section 13 of the Canadian Wheat Board Act, 1935, establishes the basis of final settlement with producers. This section reads as follows:

- (1) As soon as the Board receives payment in full for all wheat delivered during any crop year, there shall be deducted from the receipts all moneys, disbursed by or on behalf of the Board for expenses, including all payments connected with or incident to the operations of the Board, including the remuneration, allowances, travelling and living expenses of the Commissioners, the members of the Advisory Committee and the officers, clerks and employees of the Board.
- (2) After deducting the aforesaid expenses, the balance shall be distributed pro rata amongst the producers holding certificates issued pursuant to paragraph (e) of section seven of this Act, in accordance with the regulations of the Board approved by the Governor in Council.

Section 13 must also be read in conjunction with 7 (e) of the Act, which reads in part as follows:

....to issue to such producers when such wheat is purchased certificates indicating the number of bushels purchased, the grade, quality and the price, which certificates shall entitle producers named therein to share in the equitable distribution of the surplus, if any, of the operations of the Board during the crop year, it being the true intent and meaning of this section that each producer shall receive for the same grade and quality of wheat the same price on the Fort William basis.

For the crop year 1935-36, the price to producers was fixed at $87\frac{1}{2}$ cents per bushel for wheat delivered to the Board.^{1/} This was the first floor price for wheat since 1919. During the crop year the Board took delivery of 150.74 million bushels and sustained a loss of \$11.86 million. The same initial price of $87\frac{1}{2}$ cents per bushel was maintained for 1936-37 and 1937-38. The market price remained above this level during both crop years so the Board did not receive any

wheat from producers.^{1/} On August 4, 1938 an initial price of 80 cents per bushel was announced. Market prices fell and the Board showed a deficit of \$61.5 million for the year's operations.^{2/} The 1939 initial price was 70¢ per bushel. The fall of France caused a market break and wheat prices were pegged on May 18, 1940 at 70³/₈, 71³/₈ and 73 5/8 for May, July and October futures respectively. Trading below these prices was not permitted. The final deficit was \$8.2 million. Initial price for the 1940-41 crop was 70¢ per bushel, resulting in a participation payment to producers of approximately 6¢ per bushel No. 1 Northern.

In 1939 the Act was amended,^{3/} an important feature being the application of the Act to Eastern Canada. These amendments came into force on August 1, 1939.

(1) A section was added limiting Board purchases of wheat to 5,000 bushels from any one producer in any one crop year, with the further provision that the aggregate of Board purchases from any one farm or group of farms operated as a unit must not exceed 5,000 bushels in any one crop year. Penalties were provided for infractions of this limitation.

(2) Previous legislation, whereby the Governor in Council could approve of the extension of the provisions of the Act to oats, barley, rye or flax was repealed.

(3) A section was added whereby the provisions of the Act shall apply mutatis mutandis to wheat produced in the Eastern Division, the initial price to be fixed by the Board, with the approval of the Governor in Council.

The War Period.- During the war years several important changes were made in the Act. The Board became one of the maximum price enforcement agencies operating under the Wartime Prices and Trade Board. The Act was again amended in August 1940.^{4/} Some of the amendments include:

(1) The 5,000 bushel limitation on deliveries to the Board was removed.

(2) The Board was given power to regulate deliveries by producers at country mill and terminal elevators and loading platforms.

^{1/} Hansard. April 5, 1939. p. 2615. (Minister of Agriculture).

^{2/} Ibid. pp. 2618-19. (See statement by the Minister of Agriculture).

^{3/} An Act to amend The Canadian Wheat Board Act, 1935. 3 George VI, Chap. 39. June 3, 1939.

^{4/} An Act to amend The Canadian Wheat Board Act, 1935. 4 George VI, Chap. 25. Assented to 7th August, 1940.

(3) The provision that the Board sell "continuously" was deleted (Obviously, continuous sales were not possible under war conditions.)

(4) The Board was made responsible for the collection of a processing levy not to exceed 15 cents per bushel on wheat utilized for human consumption. The levy also applied to imported wheat and wheat products, which could only be imported by permission of the Board. The proceeds of the levy went into the ordinary revenues of the Board. (Subsequently, the levy was fixed at 15 cents per bushel by Order in Council and Regulations framed for its collection.)

The collection of the processing levy was repealed on July 31, 1941.^{1/}

The amendment to the Act in 1942^{2/} provided for the payment of an increased rate per bushel of wheat delivered by producers commencing August 1, 1942. The new price for No. 1 Northern was 90 cents^{3/} per bushel basis Fort William/Port Arthur or Vancouver with appropriate prices for different grades.

Regulations were set forth covering maximum amounts and deliveries of all kinds of grain by producers in a given period of time.

Until 1943 the Board was operated as a voluntary pool, which was supplementary to the open market.

On September 27, 1943, the Dominion Government announced an important change in wheat policy.^{4/} The new policy involved the following actions:

1/ Order in Council, P.C. 5844.

2/ An Act to amend The Canadian Wheat Board Act, 1935. 6 George VI, Chap. 4. Mar. 27, 1942.

3/ Hansard. Mar. 9, 1942. p. 1124.

4/ Order in Council P.C. 7942, October 12, 1943, stated:

"Whereas, by reason of wartime developments it is deemed necessary that the Government of Canada should exercise greater control over the marketing of Canadian wheat so that supplies of wheat and wheat flour may be made available at appropriate prices, as required for domestic use and for shipment abroad to countries in receipt of Mutual Aid;

And Whereas under existing financial arrangements with Canadian flour millers and with countries in receipt of Mutual Aid, the Government of Canada, has been, in effect, the ultimate buyer of large quantities of wheat and at the same time has been acting through the Canadian Wheat Board as the farmers' selling agent, thus placing dual and opposing responsibilities upon the Government which it is desirable to avoid;

And Whereas transportation difficulties and other unusual circumstances have interfered with the normal operation of existing market machinery;

And Whereas it is desirable to afford greater certainty to farmers as to prices during the remainder of the crop year 1943-44 and during the full crop year 1944-45 and to reduce the abnormal buying margins at country points that have prevailed on the open market."

1941-1942

- (1) The discontinuance of trading in wheat futures on the Winnipeg Grain Exchange;
- (2) The acquisition by the Board, on behalf of the Dominion Government, of all stocks of unsold cash wheat in Canada on the basis of the closing prices on September 27, 1943;
- (3) The raising of the fixed initial price from 90 cents per bushel to \$1.25 per bushel for Number One Northern wheat basis in store Fort William, Port Arthur or Vancouver;
- (4) The closing out of the 1940-41, 1941-42 and 1942-43 Wheat Board Crop Accounts on basis of closing market prices on September 27, 1943;
- (5) The use of Government-owned wheat to meet requirements under Mutual Aid and to provide wheat for subsidized domestic purchasers.

This program was made effective until July 31, 1945.

During the war years the Board administered three types of price policies: one, a fixed price for wheat with participation payment certificates; two, a fixed price for flax, sunflower seed and rapeseed; and three, a minimum and maximum price range for oats and barley. (

Post-War Period.- This period is significant for the Canada-United Kingdom four-year wheat export agreement,^{1/} the five-year pool,^{2/} the widening of the powers of the Canadian Wheat Board to the point where it became the sole purchaser and seller of wheat, and a similar expansion of powers to the marketing of coarse grains.

The Act was again amended^{3/} in 1947. The Act was introduced so that certain of the powers of the Canadian Wheat Board, which had previously been authorized by Order in Council, might be continued by Parliament in the form of an amendment to

^{1/} For details, see "Exports of Canadian Farm Products, War and Post-War Developments." Economics Division, Dept. of Agric. Ottawa. Feb. 1949.

^{2/} For the statement in the House concerning the five-year pool, see Hansard, July 30, 1946. pp. 4035-6. (Minister of Trade and Commerce). From time to time announcements were made increasing the initial price and making the increase retroactive to the beginning of the pool period. For a further statement on the increased initial price to producers see Hansard, Feb. 24, 1949. p. 853. (Minister of Trade and Commerce).

^{3/} An Act to amend The Canadian Wheat Board Act, 1939. 11 George VI, Chap. 15. Assented to 14 May, 1947.

1. The first part of the report...

2. The second part...

3. The third part...

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15. The fifteenth part...

the Canadian Wheat Board Act. Briefly, the amendments incorporated in the bill authorized the regulation of interprovincial and export trade in wheat by the Board and the conduct of all such trading through the Board until July 31, 1950. Under the amended Act, except as permitted under the regulation, "no person other than the Board shall export from or import into Canada wheat or wheat products owned by a person other than the Board." In addition to thus making provision for implementing the wheat contract with the United Kingdom,^{1/} the new bill provided for a five-year pool period (announced on July 30, 1946) from August 1, 1945 until July 31, 1950, during which time producers of wheat were guaranteed a fixed initial price of \$1.35 a bushel, basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. Any profits remaining in the pool at the end of the five-year period were to be distributed to producers in the form of a participation payment.

The Canadian Wheat Board Act^{2/} was again amended in March 1948:

to make provision for the increase of the fixed minimum price payable to producers selling and delivering wheat to the Canadian Wheat Board and to authorize the Board to adjust the payments made to producers who have delivered wheat prior to such increase in order to equalize the amounts received:

to extend the control of interprovincial movements of wheat to wheat products;

to empower the Governor in Council, by regulation, to extend to oats or barley the system now employed in handling wheat.

During the year 1949-50 the Wheat Board was the sole purchasing agency for wheat, barley and oats. It purchased flaxseed on a voluntary pool basis.

^{1/} The Minister of Trade and Commerce in a Statement Re Bill to Amend Canadian Wheat Board Act, 1935, released on April 20, 1950, said:

"We should not lose sight of the fact, however, that for the purpose of implementing our quantity guarantees to the United Kingdom under contract, it was essential that the Canadian Wheat Board have authority and direction of our wheat supplies, this authority having been granted first under the provisions of the War Measures Act, and then in 1947, specifically by way of amendment to the Canadian Wheat Board Act."

^{2/} An Act to amend The Canadian Wheat Board Act, 1935. 11-12 George VI, Chap. 4. Assented to 24th March, 1948.

The Canadian Wheat Board Act was again amended^{1/} in the spring of 1950. Under the amended Act,^{2/} the powers of the Board, as regards wheat, oats and barley, as stated in the amended Act of 1948, were extended for another three years.

Under the Act as amended in 1950, there are to be single crop-year pool periods instead of the five-year pool. The initial prices to be paid by the Canadian Wheat Board for Western wheat, oats and barley during the crop year commencing August 1, 1950 are: wheat, \$1.40 per bushel, basis No. 1 Northern wheat in store Fort William, Port Arthur and Vancouver; oats, 65¢ per bushel for No. 2 Canada Western oats in store Fort William/Port Arthur; and barley, 93¢ per bushel for No. 3 Canada Western Six-Row in store Fort William/Port Arthur.

To sum up, the initial price for wheat is reduced from \$1.75 per bushel to \$1.40, and remains unchanged for oats, barley [REDACTED].

The above dealt, in the main, with spring wheat and brief reference was made to oats, barley and flaxseed. The following section will outline in more detail the policies affecting Ontario wheat, oats, barley, flaxseed, soybeans, sunflower seed and rapeseed.

^{1/} See op. cit. The Minister of Trade and Commerce in the same release, said, in explaining his reason for amending the Canadian Wheat Board Act,

"In the same way that it was necessary for the Canadian Wheat Board to direct wheat shipments, in order to fulfil our undertakings under the Canada-United Kingdom Agreement, it is desirable that the Board should retain control over shipments in order to implement our undertaking under the International Wheat Agreement. This is the reason for the proposal to extend these powers of the Board for the duration of the international agreement. Such action on our part should only be interpreted abroad as an evidence of our good faith in carrying out our obligations under the agreement."

^{2/} An Act to amend The Canadian Wheat Board Act, 1935. Bill 252, assented to June 30, 1950.

Eastern wheat was brought under the operation of the Board in 1939.^{1/} As of July 1, 1948 the Board ended its policy of handling eastern wheat.

As regards oats and barley, as indicated earlier, the Canadian Wheat Board acted on behalf of the Wartime Prices and Trade Board. Support prices were announced early in 1942.^{2/} In April, 1943, a system of equalization fees was established. The Minister of Trade and Commerce, in explaining this policy, said:

United States grain markets have been advancing, and the difference between our prices and United States prices has widened considerably. The government were naturally concerned about finding a means to enable the western farmer to benefit from the United States market, and at the same time to maintain those price controls in the domestic market which are a part of national policy....To the extent that coarse grains can be exported at prices above our ceiling levels the Government have sought to develop a workable basis which would give producers who sell coarse grains the advantage of any higher export prices on that portion of the total coarse grain marketings which go into export....The equalization fee will as nearly as possible represent the difference between Canadian prices and U.S. prices less transportation cost, United States import duty, and forwarding costs and with allowance for exchange.^{2/}

^{1/} During the 1939 session of Parliament certain amendments were made to the Canadian Wheat Board Act. One of these provided for the addition of a section 14 to the Act.-

"14. The provisions of this Act shall apply mutatis mutandis to wheat produced in the eastern division and sums certain to be paid producers delivering such wheat shall be fixed by the board with the approval of the governor in council so that they shall bear the same relationship to the sums certain payable in the case of wheat produced in Manitoba, Saskatchewan, Alberta and British Columbia as the price of wheat produced in the eastern division bears to the price of wheat in store at Fort William."

For additional information on changes in policy see Hansard:

July 21, 1944. p. 5184 (Minister of Trade and Commerce);

July 18, 1946. p. 3561 (Minister of Trade and Commerce).

^{2/} Hansard, Mar. 9, 1942. p. 1126. The Minister of Trade and Commerce stated: "The Government wishes to give a measure of assurance and security to those producers who co-operate in producing an ample supply of feed grain in 1942 in a patriotic endeavour to maintain our livestock production at high levels. Producers generally will face the new crop year with the assurance that whatever the production of oats and barley in 1942, the market will be supported on the basis I have outlined....Broadly the programme which I have placed before the house seeks to give assistance where it is needed, to give greater assurance to the farmers of Western Canada, to indicate the lines of production which should be emphasized in 1942-43 and finally to facilitate the production of needed farm products."

^{2/} Hansard, Apr. 6, 1943. p. 1883 (Minister of Trade and Commerce).

The equalization payments system was continued until 1947. On March 17, 1947, the Minister of Agriculture announced:

(b) A discontinuance of Advance Equalization Payments. An adjustment payment of 10¢ per bushel was provided for producers who had already delivered barley during the crop year. This payment, together with the advance equalization payment which had been made on deliveries under former maximum prices, gave producers a gross return of nearly 90¢ per bushel, which approximated the return they would receive under the new maximum prices. With respect to oats, no adjustment payment was necessary since the former maximum price, together with advance equalization payment, gave producers approximately the same return they would receive under the new maximum price.

(c) In order to avoid fortuitous profits to commercial holders of oats and barley that would otherwise have resulted, handlers and dealers were required to sell to the Board on the basis of the old ceiling prices all stock in their possession at midnight, March 17th.^{1/}

The Board took over the function of marketing oats and barley^{2/} for the crop

^{1/} Hansard. . p. 1407-8. In addition to clarifying the situation, the Minister stated:

"In order to stimulate production of feed grains and to assure domestic supplies, the Government has therefore decided to make a number of changes in policy affecting oats and barley... It is necessary to make a fairly detailed statement of these changes so as to clarify the position of the various interests concerned, but, from the point of view of producers, the important point is that they will now have an additional return of approximately 10 to 13 cents per bushel for all barley they market from this date forward and several cents a bushel on the better grades of oats, over and above the total returns they have been receiving during the present crop year. In addition, producers will continue to receive any net export profits realized by the Board as an additional payment at the end of the season. Feeders, on the other hand, will be protected against any important increase in costs of the oats and barley they buy by appropriate subsidies, until the release of the products they sell from ceiling price controls. It will be observed that under this plan buyers and sellers may trade with each other without the intervention of the Board, within the limits of the new floors and ceilings."

This ruling (P.C. 1292, April 3, 1947) was challenged by one grain dealer. The Court of Appeal for Manitoba passed judgment in favour of the dealer. The Canadian Wheat Board and the Attorney General of Canada appealed the decision in the Supreme Court. The Supreme Court of Canada, on November 20, 1950, sustained the Manitoba Court of Appeal ruling. The Court ruled that the provisions of P.C. 1292, dealing with the compulsory taking and vesting in the Canadian Wheat Board of all oats and barley in commercial positions in Canada and fixing the compensation to be paid, are ultra vires of the Governor in Council. (Canadian Wheat Board v. Hallet and Carey Ltd., and Attorney General of Canada v. Nolan and Hallet et al.)

^{2/} The provincial governments also passed legislation covering the marketing of coarse grains in conjunction with the amended Wheat Board Act:

Alberta - Coarse Grain Marketing Control Act, 1949. c. 25.

Saskatchewan - Grain Marketing Control Act, 1948. c. 66.

Manitoba - Control of Marketing of Coarse Grains Act, 1949. c. 9.

years 1949-51.^{1/} Initial prices for oats and barley are being paid through to July 31, 1951. Producers receive the established initial payments at the time of delivery and sale of their oats and barley to the Board. At the same time they receive a producer's certificate covering the quantities and grades so delivered and sold, which entitles producers to share in any surpluses accumulated by the Board in the sale of oats and barley delivered to the Board under these operations.

In respect to the sale of oats and barley, the Canadian Wheat Board issued the following statement to the trade on August 4, 1949:

At this time the Board has the following comments to make in regard to the sale of oats and barley:

- (1) The Board intends to sell oats and barley freely and to the best advantage, using the methods which suit these purposes;
- (2) The Board will sell oats and barley to dealers and others for distribution to users of these grains;

^{1/} The Federal Government indicated that the problem of compulsory marketing of oats and barley was different from that of wheat. The Minister of Trade and Commerce stated in the House of Commons on February 27, 1948 (Hansard. pp. 1677-1678):

"However, the government is well aware that the compulsory marketing of oats and barley through the board represents serious difficulties. The success of such an enterprise must be dependent on a large measure of agreement on policy matters as between organized farmers of both the producer and the consumer class, as well as on the co-operation of provincial governments...

"The difficulties of which I speak stem from the basically different uses made of wheat on the one hand and of oats and barley on the other. Wheat is pre-eminently a grain for human consumption, 'the staff of life,' the most efficient and economical foodstuff known to the human race...Oats and barley, on the other hand, are pre-eminently animal feed crops... In fact, only about thirty per cent of the oats and forty per cent of the barley ever leave the farms on which they are grown, except in the form of livestock....

"Normally a relatively insignificant portion of these crops moves into export. In short, the movement of oats and barley is from farmer to farmer. This presents peculiar problems in establishing and maintaining prices which would be accepted as fair in both the east and west, under a federal government monopoly of interprovincial trade. To put it another way: while the wheat board is handling wheat it is primarily concerned--to quote the Canadian Wheat Board Act--with 'promoting the sale of grain, produced in Canada, in world markets.' The wheat board, in handling oats and barley, would be concerned primarily with sales of western grain to eastern farmers, at prices that both seller and buyer will consider fair and reasonable."

- (3) The Board recognizes that there are stocks of old crop oats and barley in Canada which are not the property of the Board and which are in the process of being marketed by the present holders.

With these considerations in mind, the Board uses the sales procedures which it considers desirable and advantageous. The Board uses the futures market in the selling of oats and barley. At the same time, the Board makes outright sales of oats and barley in store Fort William-Port Arthur where buyers wish to purchase on this basis. To give effect to this policy, the Board quotes prices daily for principal grades of oats and barley basis in store Fort William-Port Arthur.

As regards flaxseed, policy was first spelled out in March 1942 by the Minister of Trade and Commerce.^{1/} The Board took over the handling of flax in March 1942. The general policy remained the same during the war and early post-war years except for changes in minimum prices. However, in 1949, with the changing supply

^{1/} Hansard. Mar. 9, 1942. p. 1126. The Minister said:

"The Dominion government will empower the Canadian Wheat Board to purchase and handle all flaxseed delivered by producers in Canada in 1942-43. Trading in futures on cash flax will be stopped on all markets at some date to be determined...The government's proposal in connection with flaxseed is designed to stimulate maximum production in 1942, Canada and the United States must take steps to increase their supply of vegetable oils to replace sources of supply now cut off by war....With these facts in mind the government feels that a relatively high price should be established for flaxseed in 1942 and consequently has decided on the \$2.25 per bushel basis....The handling of flax is being made a monopoly of the Canadian Wheat Board to avoid speculative profits by people in possession of flax acquired at very much lower prices."

and demand situation, the Board did not establish a support price,^{1/} but operated a voluntary pool.

The Canadian Wheat Board, on behalf of the Government, handled soy beans only in two years, 1942-3 and 1943-4.^{2/} On the other hand, the Board dealt with sunflower seed and rapeseed during the period 1943-49.^{2/} On March 15, 1949, the Minister of Trade and Commerce announced:

^{1/} Hansard. Mar. 15, 1949. pp. 1471-2. The Minister of Trade and Commerce announced in the House of Commons:

"As I shall indicate later, supplies of vegetable oils generally are more than adequate to meet existing demand and in the case of certain vegetable oils, international surpluses exist today due largely to war-time expansion in production.... In regard to oilseeds, the Government must take a realistic view of the position as it exists today. Our major contact with the international oilseed position on the export side is through flaxseed. In 1948 flaxseed production in Canada amounted to 17.4 million bushels as compared with an average of 1.5 million bushels during the 1935-39 period. The 1948 production of flaxseed in the United States, traditionally an importer of flaxseed, is estimated at 50 million bushels as compared with an average production of 11 million bushels during the five years prior to the war. This expansion in acreage and production of flaxseed in Canada and United States has more than offset decreased production in the Argentine. It is now evident that all three countries will have surplus stocks of flaxseed or linseed oil available for export at the end of the present crop year and, of course, additional supplies will be available through 1949 production.... Under the circumstances, the Government is not prepared to encourage the production of oilseeds by establishing support prices for 1949-50. The position will be examined again at the beginning of the next crop year." No initial price was established for the crop year 1950-51.

^{2/} For details, see Hansard. April 9, 1943. p. 2014. (Minister of Trade and Commerce):

"For the purpose of encouraging the production of both sunflower seed and rapeseed, the Government is arranging through the Canadian Wheat Board to pay 5¢ per pound for sunflower seed and 6¢ per pound for rapeseed in reasonably clean condition, moisture contents not exceeding limits to be determined and announced by the Board, delivered f.o.b. shipping points named by the Board and in accordance with such instructions as are issued by the Board.... Because of the need for encouraging the wartime production of sunflower seed and rapeseed over wide areas of the country where such crops are not usually grown, it has been decided to fix the prices on the basis of local shipping points in order that the full prices will be available to the growers."

I should say a word in regard to rapeseed and sunflower seed. There is practically no demand for rapeseed or rapeseed oil in Canada and, as a result, this crop is almost entirely an export commodity and is therefore affected by the broader oilseed position which I have described. Sunflower seed is in a different position, being an edible vegetable oil which can be utilized in Canada. In my opinion, sunflower seed oil will continue to have a good market in this country and for that reason will not require continuing Government support. Under the circumstances, the Government is not prepared to encourage the production of oilseeds by establishing support prices for 1949-50. The position will be examined again at the beginning of the next crop year.^{1/}

^{1/} Hansard. p. 1472.

Prices Established for Wheat, Crop Years 1936-37 to 1949-50

Crop Year	Basis	Grade	Price to Producer
- ¢ per bu. -			
1936-37	Ft. Wm./Pt. Arthur Vancouver	No. 1 Nor.	87 ^a / ₂ ¢ per bushel effective July 29/36
1937-38	Ft. Wm./Pt. Arthur Vancouver	No. 1 Nor.	87 ^a / ₂ ¢. This price to be effective only if closing market price fell below 90¢ bu. Closing market price was higher so no deliveries received by C.W.B.
1938-39	Ft. Wm./Pt. Arthur Vancouver	No. 1 Nor.	80¢. Effective Aug. 4/38
1939-40	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	70¢. Effective Aug. 1/39
	Eastern prices - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	70¢. Effective Aug. 15/39 plus par- ticipation payment 1.623¢ bu. on No. 1 grades. For other grades the pay- ment was slightly higher.
1940-41	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial payment 70¢ plus participa- tion payment 6.215¢.
	Eastern prices - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	Initial payment 70¢ with an addition- al fixed price for No. 2 & No. 3 grades at 68 and 65¢ per bu. respectively. Also a participation payment of 6.372 cents per bu. on No. 1 grades and a slightly higher payment for other grades.
1941-42	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial payment 70¢ plus participa- tion payment 15.336¢.
	Eastern prices ^b /Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	70¢
1942-43	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial payment 90¢ effective Aug. 1/42 plus participation payment 12.502¢
	Eastern prices - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	90¢ effective May 20/42

^a/ From Aug. 28/36 this price to be effective only if closing market price fell below 90¢ bu. Closing market price was higher so no deliveries received by C.W.B.

^b/ Announced Oct. 4/41 that 70¢ bu. would only become effective if market price for No. 1 grades at country points fell below 80¢ bu. basis export rail freights to Montreal. Not needed.

Prices Established for Wheat, Crop Years 1936-37 to 1949-50 - Continued

Crop Year	Basis	Grade	Price to Producer
- ¢ per bu. -			
1943-44	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial payment 90¢ to Sept. 27/43. Initial payment \$1.25 from Sept. 27/43. Plus participation payment of 12.146¢ bu.
	Eastern prices ^{c/} - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	90¢.
1944-45	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial payment \$1.25 plus partici- pation payment 18.677 cents
	Eastern prices ^{d/} - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	Floor price \$1.25 Maximum price \$1.26.
1945-46	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial payment \$1.25 bu. plus following participation payments: 10¢ bu. authorized July 30/46 20¢ bu. " Mar. 25/48 20¢ bu. " Feb. 24/49
	Eastern prices - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	Floor price \$1.25 bu. Maximum price \$1.26 bu. plus an additional payment of 3.725¢ from the Ontario Wheat Flour Equalization Fund. Prices remained at the ceiling and no deliveries were made to the Board.
1946-47	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial payment \$1.35 bu. plus following participation payments: 20¢ bu. authorized Mar. 25/48 20¢ bu. " Feb. 24/49
	Eastern prices - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat.	Floor price \$1.25 bu. Maximum price \$1.26 bu. plus treasury pay- ment of 9¢ per bu. and a fixed and final equalization payment of 5¢ per bu.
1947-48	Western prices - Ft. Wm./ Pt. Arthur - Vancouver	No. 1 Nor.	Initial price \$1.35 bu. plus following participation payments: 20¢ bu. authorized Mar. 25/48 20¢ bu. " Feb. 24/49

^{c/} Provided that the price of 90¢ bu. would only become effective if the market price for No. 1 grades at country points fell below 95¢ bu. basis export rail freights to Montreal. Not needed so no deliveries made to the Board.

^{d/} In addition to the maximum price an additional payment of 3¢ per bushel was made to producers from the Ontario Wheat Flour Equalization Fund.

Prices Established for Wheat, Crop Years 1936-37 to 1949-50 - Continued

Crop Year	Basis	Grade	Price to Producer
			- ¢ per bu. -
1947-48	Eastern prices - Montreal (Export rail freight rates)	No. 1 Grades Ont. winter wheat	Maximum price \$1.55 bu. effective July 1, 1947, plus a fixed and final equalization payment of 8¢ per bu. On June 18, 1948, the price ceiling was removed and the wheat payment of 8¢ per bu. discontinued. No deliveries were made to the Board.
1948-49	Ft. Wm./Pt. Arthur Vancouver	No. 1 Nor.	Initial price \$1.55 bu. from Aug. 1/48-Mar. 31/49, plus a participation payment of 20¢ bu. authorized Feb. 24/49. Initial price \$1.75 bu. from Apr. 1/49.
1949-50	Ft. Wm./Pt. Arthur Vancouver	No. 1 Nor.	Initial price \$1.75 bu.
1950-51	Ft. Wm./Pt. Arthur Vancouver	No. 1 Nor.	Initial price \$1.40 bu. from Aug. 1/50.

Revision based on "Grain Trade of Canada, 1948-49" Released December 9, 1950

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Oats and Barley. - 1948-49 crop minimum prices: 2 C.W. oats, 66 $\frac{1}{2}$ ¢ bu; 2 C.W. barley, 94¢ bu.

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Barley. - Aug. 1/46-Mar. 17/47 - minimum prices plus advance equalization payment of 15¢ bu. plus adjustment payment of 10¢ bu.

100

1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the problem and the objectives of the research.

2. The second part of the report is a detailed description of the methods used in the study. It includes a discussion of the experimental design, the data collection procedures, and the statistical analysis techniques.

3. The third part of the report is a presentation of the results of the study. It includes a discussion of the findings, a comparison of the results with previous research, and a conclusion about the significance of the study.

4. The fourth part of the report is a discussion of the implications of the study. It includes a discussion of the limitations of the study, the strengths of the findings, and the potential for future research.

Prices Established for Coarse Grains and Oilseeds, Canada
Crop Years, 1939-40 to 1949-50

				Price to Producer		
Crop	Commodity	Basis	Grade	Mini-	Advance	Total
Year				mum	tion Pay-	teed Re-
				Price	ment	turn
- cents per bushel -						
<u>Oats</u>						
1943-4 to) ^{a/}		Ft. William-	No. 2 C.W.	45	+ 10	55
1945-6)		Pt. Arthur)	No. 1 Feed	40	+ 10	50
1946-7 - Aug.1/46-		Ft. William-				
Mar.17/47		Pt. Arthur)				
Mar.18-July 31/47 ^{b/}		(	No. 2 C.W.	65		
1947-8 ^{c/}		(	No. 1 Feed	61½		
1948-9 ^{d/}		(
1949-50 ^{e/}		(
1950-51 ^{f/}		Ft. William-				
		Pt. Arthur)	No. 2 C.W.		65 Initial payment	
<u>Barley</u>						
1943-4) ^{g/}		Ft. William-	No.2 C.W. 2 R.	60	+ 15	75
1944-5 )		)	or 6 R.			
		Pt. Arthur)	No. 1 Feed	56	+ 15	71
1945-6		Ft. William-(	No.2 C.W. 2 R.			
		Pt. Arthur (	or 6 R.	60	+ 20	80
		(	No. 1 Feed	56	+ 20	76

a/ Minimum prices in effect from Mar. 9/42; maximum price from Apr. 1/43 for all grades was 51½ cents per bu.

b/ Maximum price, all grades 65 cents per bu. basis in store Ft. William/Pt. Arthur, Vancouver, established Mar. 18/47. Additional equalization payments from surplus of equalization funds; Apr. 1-July 31/43 - 2.40 cents; 1943-44 - 5.849 cents; 1946-47 - 3.623 cents per bu.

c/ Maximum price: Aug. 1-Oct. 21/47 - 65¢ bu. all grades. On Oct. 21/47 ceiling prices on oats were removed. Adjustment payment of 5¢ per bu. made on oats delivered between Aug. 1 and Oct. 21/47. Additional equalization payment from surplus of equalization funds of 5.881¢ per bu.

d/ Since market prices for oats and barley remained above the floor prices for the entire crop year, the Board did not purchase oats or barley pursuant to the foregoing minimum prices.

e/ Effective Aug. 1, 1949 oats and barley were marketed through an oats pool and a barley pool operated by the Canadian Wheat Board.

f/ The final payments on the 1949-50 oats and barley pool commenced October 16, 1950. The final payment is on a grade basis and will average about 57 cents per bushel for malting barley, 44.5 to 47.0 cents per bushel for feeding barley, and 19.5 cents per bushel for oats.

g/ Minimum price in effect since Mar. 9/42. Maximum prices were established Apr. 1/43 at 64¾ cents per bushel for all grades.

Prices Established for Coarse Grains and Oilseeds, Canada
Crop Years, 1939-40 to 1949-50 - Continued

				Price to Producer		
Crop	:	:	:	:	: Advance	: Total
Year	:	:	:	:	: Mini-	: Equaliza:
	Commodity	Basis	Grade	mum	tion Pay*	Guaran-
	:	:	:	Price	ment	teed Re-
	:	:	:	:	:	turn
<u>Barley</u> (Cont'd)				- cents per bushel -		
1946-7 (Aug. 1/46 to Mar. 17/47)	Ft. William- Pt. Arthur)	No. 2 C.W. 2 R. or 6 R. No. 1 Feed	60 56	+ adjustment payment of 10¢ per bu. authorized Mar. 17/47.		
(Mar. 18 to July 31/47) ^h /	Ft. William-(Pt. Arthur (	No. 2 C.W. 2 R. or 6 R. No. 1 Feed	93 90			
1947-8 ⁱ /	Ft. William- Pt. Arthur)	No. 2 C.W. 2 R. or 6 R. No. 1 Feed	93 90			
1948-9 ^d /	Ft. William- Pt. Arthur)	No. 2 C.W. 2 R. or 6 R. No. 1 Feed	93			
1949-50 ^e /						
1950-51 ^f /						
	Ft. William- Pt. Arthur	No. 3 C.W. 6 R.	93	Initial payment		
<u>Flaxseed</u> ⁱ /				- <u>dollars per bushel</u> -		
1942-3	In store Ft.	No. 1 C.W.	2.25			
1943-4	William-Pt.	"	2.50			
1944-5	Arthur	"	2.75			
1945-6	"	"	2.75			
1946-7	"	"	3.25			
1947-8: Aug. 1/47- Feb. 25/48 ^k /	"	"	5.00	+ 50¢ bu. retroactive adjustment payment authorized Feb. 26/48.		
Feb. 26/48- July 31/48	"	"	5.50			

^h/ Maximum price, all grades, 93¢ per bu. basis in store Ft. William-Pt. Arthur, Vancouver established Mar. 18/47. Additional equalization payments from surplus of equalization funds: Apr. 1-July 31/43, 1.43¢; 1944-45, 7.59¢ per bu.

ⁱ/ Maximum price Aug. 1-Oct. 21, 1947, 93 cents per bushel for all grades. On Oct. 21, 1947 ceiling prices on barley were removed. Adjustment payment of eleven cents per bushel was made on barley delivered between Aug. 1 and Oct. 21, 1947. Additional equalization payment from surplus equalization funds of 6.78¢ per bu.

^j/ From 1942-3 to 1946-7 the Wheat Board was the sole agency for the purchase of flaxseed from producers and bought from producers at a fixed and final price.

^k/ Effective Aug. 1/47 the W.P.T.B. Order No. 751 established a domestic ceiling of \$5.00 per bu. same basis and grade, which resulted in most producers delivering their flaxseed to the Board during 1947-8.

Prices Established for Coarse Grains and Oilseeds, Canada
Crop Years, 1939-40 to 1949-50 - Continued

						Price to Producer		
Crop	:	:	:	:	:	: Advance	: Total	
Year	:	Commodity	:	Basis	:	Grade	: Mini- : Equaliza- : Guarant-	
:	:	:	:	:	:	mum	: tion Pay- : teed Re-	
:	:	:	:	:	:	Price	: ment	: turn

- dollars per bushel -

Flaxseed (Cont'd.)

1948-49 ^{1/}	In store Ft. William-Pt. Arthur Montreal	No. 1 C.W.	(
			(	4.00
		No. 1 Can. Eastern.	(
1949-50 ^{m/}	Ft. William-Pt. Arthur	No. 1 C.W.	2.50	Initial payment with appropriate differentials for lower grades

1950-51 - no oilseed support prices established by the Board.

Sunflowerseed^{n/}

- cents per lb. -

1943-4	F.o.b.shipping	Reasonably clean-	5	
1944-5	points named	moisture content	5	
	by the C.W.B.	limited by the		Board.
1945-6	"	No. 1 C.W.	5	
1946-7	"	No. 1 C.W.	5	
1947-8	F.o.b. buyers' receiving point	No. 1 C.W. Sunrise	6	
		No. 1 C.W. Mennonite	5	
1948-9	"	No. 1 C.W. Sunrise	6	
1949-50)				
1950-51)	no oilseed support prices established by the Board.			

Rapeseed^{n/}

1943-4	F.o.b.shipping	Reasonably clean-	6	
1944-50 [/]	points named	moisture content	6	
1945-6	by the C.W.B.	limits determined	6	
1946-7	"	by Wheat Board.	6	
1947-8	"	Reasonably clean-	6	
1948-9	"	moisture content	6	
		not exceeding		
		10.5% and admix-		
		ture of mustard		
		not exceeding 1%		

1949-50)

1950-51) no oilseed support prices established by the Board.

^{1/} Ceiling price removed Aug. 1, 1948.

^{m/} Flaxseed from this crop marketed through a voluntary pool conducted by the C.W.B.

^{n/} The Board bought sunflowerseed and rapeseed at these fixed and final prices between Aug. 1/43 and July 31/48, and at the support price for the 1948-9 crop.

^{o/} After Oct. 20/44, the Board to purchase seed from the Western Division only.

The Wheat Co-operative Marketing Act, 1939^{1/}. - This Act was the expression of an attempt by the Federal Government to establish a system on a sound financial basis for those farmers who wished to co-operatively market their wheat in excess of 5,000 bushels and receive from the selling agency the initial payment which could not be in excess of 60 cents per bushel for No. 1 Northern basis Fort William/Port Arthur. Wheat was defined as spring wheat grown in any of the provinces of Manitoba, Saskatchewan, Alberta or British Columbia. The Act provided for that group of producers or elevator operators operating on a co-operative plan to set up a central selling agency at any time to handle wheat on a co-operative basis. This assistance was designed to permit organizations operating on a co-operative basis to finance the early season operations of the producer without fear of financial loss through the payment of an advance. The Act came under the jurisdiction of the Minister of Agriculture. It was used only in the 1939-40 crop season.

Agricultural Products Co-operative Marketing Act^{2/}. - The Agricultural Products Co-operative Marketing Act was passed in 1939. Its purpose is to provide financial assistance in the form of guaranteed loans to primary producers in the marketing of agricultural products through the medium of organizations operating on a co-operative basis.

The Act defines an agricultural product as:

any kind of grain other than wheat, milk and milk products, vegetables and vegetable products, livestock and livestock products, fruit and fruit products, poultry and poultry products, honey, maple syrup, tobacco, and any other product of agriculture designated by the Governor in Council.

The Federal Government, represented by the Minister of Agriculture, may, by agreement with certain persons, authorize them to make initial payments to primary

^{1/} An Act to Encourage the Co-operative Marketing of Wheat. 3 George VI, Chap. 34 as amended.

P.C. 3463, Nov. 2, 1939. Establishing regulations under the Wheat Co-operative Marketing Act.

^{2/} An Act to Assist and Encourage Co-operative Marketing of Agricultural Products. 3 George VI, Chap. 28. Assented to by His Majesty, 19 May 1939.

producers on delivery of products for sale on a co-operative plan. In order that these advances may be financed, the Federal Government guarantees the initial payments, plus necessary handling and selling costs. Initial payments are subject to negotiation and may not exceed 80 per cent of the average returns for like grades and qualities during the previous three years. Initial payments have ranged as low as 25 per cent of the previous three year average price of the given commodity.

This procedure makes it possible for producers to follow a more orderly course of marketing. By avoiding the tendency to flood the market during certain periods, a higher return may be realized by producers as well as being assured of a definite initial price for a specific crop.

Advantage has been taken of the Act in varying degrees in each year since 1939. Products that have been marketed under the Act include forage crop seeds, honey, onions, potatoes, oats, barley, flax, rye and corn, and pelts of ranch-bred mink and fox.

During 1946-47 agreements were entered into with the Dominion Government for the marketing of honey, forage crop seeds and fox pelts. In the case of honey, initial payments represented approximately 67 per cent of the average wholesale price for the past three years; forage crop seeds, approximately 60 per cent; and fox pelts marketed under the 1946-47 agreements, 53 per cent. Eight agreements were entered into for the 1947-48 season for the marketing of silver fox pelts. Initial payments under these agreements represented 40 to 45 per cent of the average wholesale price for the past three years. Forage crop seeds also came under the Act. For the years 1948-49 and 1949-50 there were agreements covering forage crop seeds, honey and ranch-bred fox pelts.

The only loss suffered by the Government was in the sale of fox pelts for the years covering 1946-47 and 1947-48.

This Act is not designed to provide the mechanism for the support of prices of farm products.

The government has made it quite clear that the Act is not intended as a means of supporting prices but for assistance in financing the orderly marketing of agricultural products on a voluntary pool basis. As long as the administration of the Agricultural Products Co-operative Marketing Act and the Agricultural Prices Support Act... are as closely related within the Department of Agriculture as they are at present, this problem is not likely to occur in any significant degree.^{1/}

Wartime Marketing Agencies^{2/}.-- During the war years, 1940-1945, several federal agencies were established^{3/} to concern themselves with the marketing of farm products. These included, in the main, the Wartime Prices and Trade Board, the Meat Board, the Dairy Products Board, the Special Products Board, and the Canadian Wool Board.

These boards had wide powers as regards prices, movement, storage and requisition of farm products. Although several of these boards continued to function in the post-war period, their legal powers were reduced considerably. The three agricultural boards, the Meat, Dairy, and Special Products Boards, continued to operate under the Agricultural Products Act.

The Agricultural Prices Support Act, 1944^{4/}.-- The Canadian Government made commitments to support post-war agricultural prices and income during the war years.

The Prime Minister in a radio broadcast on December 4, 1943, stated:^{5/}

If to help win the war, the farmers are asked to accept a ceiling on prices, we believe they are entitled to a floor under prices to insure them against an agricultural depression after the war. As an essential part of its post-war policy, the government intends to ask Parliament, at the next session, to place a floor under the prices of the main farm commodities.

^{1/} Turner, A. H. Federal Marketing and Price Support Legislation in Canada. Journal of Farm Economics. Nov. 1947. p. 594.

^{2/} The authority necessary to establish these boards was derived from the War Measures Act, 1914. The proclamation of the Act on September 1, 1939, brought about a change in the relationship as between the Dominion and the provinces--the Dominion Government superseding provincial authority where and when necessary--and as between the parliament and the Cabinet executive.

^{3/} For a detailed description of the organization and operation of these boards see: Shefrin, Frank. Administration of Canadian wartime agricultural policies. J. of Land and Pub. Utility Economics. 21:167. 1945.

^{4/} An Act for the Support of the Prices of Agricultural Products during the transition from War to Peace. 8 George VI, Chap. 29. Assented to 15 August, 1944.

^{5/} King, Rt. Hon. W. L. Mackenzie. The Battle against Inflation. Ottawa, The King's Printer. 1943.

At the 1944 Session of the Parliament of Canada, "An Act for the Support of the Prices of Agricultural Products during the Transition from War to Peace" was passed. The Act provides for the creation of an Agricultural Prices Support Board and assigns to the Board the authority

- (a) to prescribe from time to time, with the approval of the Governor in Council, prices at which the Board may purchase agricultural products in the market;
- (b) to purchase at such prices any agricultural product, if such product on inspection meets standards as to grade and quality prescribed by or under any Act of the Parliament of Canada...;
- (c) to pay to the producers of an agricultural product directly or through such agent as the Board may determine the difference between a price prescribed by the Board with the approval of the Governor in Council for such product and the average price, as determined by the Board, at which such product is sold in the market during a specified period if such average price is below such prescribed price;
- (d) to sell or otherwise dispose of any agricultural product purchased by the Board.

Other powers granted the Board include authority to enter into contracts, to appoint agents, commodity boards and advisory committees, and to act as the agent for the Canadian Government in connection with any contract between the Government of Canada and any other Government or agency thereof; also to act as purchasing agent in respect of any agricultural product for any department of the Government of Canada.

"Agricultural product" is defined as "any natural product of agriculture except wheat, designated by the Governor in Council, and includes processed meat, dairy and poultry products if so designated." Wheat is excluded from this Act for the reason that it is already dealt with under other legislation.

The Act makes specific provision for two methods whereby the Board can

support prices of farm products.^{1/} The first one is the power to buy any designated agricultural product at a defined price.^{2/} The Board has power to sell products which it buys, and the Board is not bound to sell at any particular price.

Another and quite different method of supporting prices is provided for in the Act. This method contemplates, first of all the determination of a price which is regarded as fair for a particular product for a particular period of time. Producers and processors then proceed to sell the product in the normal way to the best possible advantage. Periodically, the average price realized by all producers will be determined and if the average price is less than the fair minimum price, then the Board will pay to the producer or his agent the difference between the two.

In carrying out this procedure the Board usually takes into consideration:^{3/}

1. Historical price patterns for the commodity concerned and price levels at which related commodities, if any, are being supported.
2. The basic cause of the price or income decline and the supply of the commodity.
3. The long term market possibilities for the product.
4. The problem of storage and disposal likely to be involved.
5. The relative efficiency of the producers concerned along with possible alternative sources of income as well as the number of producers affected.
6. The implications of the precedents which are being established.

^{1/} The Chairman of the Board at that time stated:

"In following the broad policy laid down in the Act, the Board might endeavour, on the one hand, to support the price of every individual product at some particular level, or it might endeavour to meet its obligations to the farmer by maintaining a fair general level of prices, while allowing certain commodities to drop in price in order to clear surpluses from the market or discouraging production of a commodity which could not be sold."

J. G. Taggart. The Agricultural Prices Support Act. (Address to Annual Meeting U.C.C., Quebec City, October 18, 1944.)

^{2/} If approved by Governor in Council.

^{3/} Turner, A. H. Federal Marketing and Price Support Legislation in Canada. Journal of Farm Economics. November 1949. p. 602.

The Board's responsibility is to recommend to the Government prices at which it should buy specific products, and generally the level at which prices of farm products should be supported. Once the Government has accepted Board recommendation, or has agreed upon the policy, then it is the responsibility of the Board to carry out that policy. Perhaps the best guide to Government intention in this matter can be obtained from the Act itself. The Act sets forth a broad principle for the guidance of the Board in making its recommendations regarding price levels:

In prescribing prices under paragraphs (a) and (c) of subsection one of this section, the Board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

A fund of \$200 million is provided as working capital for the Board. If the Board sustains operating losses in supporting prices of farm products, these losses can be made up by annual votes of Parliament. If the Board makes operating profits, these will be paid over annually to the Receiver General to be added to government revenue.

The Act was amended^{1/} in 1950, which made it of a continuous nature. The Amendment is to the effect that the Act shall continue in force on and after the thirty-first day of March 1950.

The Act became operative in 1946 with potatoes being the first commodity to receive assistance. The following section outlines briefly the activities of the Board between 1946 and May 1950.

^{1/} Bill 17, An Act to amend The Agricultural Prices Support Act, 1944. Assented to March 30, 1950.

The Minister of Agriculture, in discussing the Amendment in the House of Commons on March 23, 1950, said:

"In closing I simply say that we have no different intent in the bill as it now is; we are not changing the terms of the legislation in any manner whatever, except that the time limit is being removed... The time limit is removed from the Act as it now stands, and it is made applicable over the years ahead as long as this parliament sees fit to keep it on the statute book."

(Hansard. p. 1044)

Since the Board became operative in 1946 it has been necessary thus far to invoke the provisions of the Act in respect to eight commodities - potatoes, apples, dried white beans, honey, butter, dry skimmed milk, cheese and eggs.

On October 1, 1946, representations were made to the Board to the effect that the potato crop in the five eastern provinces was larger than could readily be absorbed by prospective domestic and export demand; that potato prices had fallen by about forty per cent from the level of the year earlier; and that further serious losses were in prospect for potato growers unless effective price support could be provided.

The following program was adopted,^{1/} and its direct application was limited at first to the provinces of Prince Edward Island and New Brunswick, and later extended to sections of Quebec:

1. Disposal of potatoes for starch making;
2. Increased exports of seed potatoes;
3. Publicity to increase consumption of potatoes in Canada;
4. New export outlets;

5. A guaranteed price at which the Agricultural Prices Support Board would accept delivery of potatoes remaining unsold in the spring of 1947. The price for potatoes delivered to Board was \$1 per 75-lb. bag, on car at shipping point, bagged, tagged and inspected; and for potatoes delivered for processing, \$1.65 per barrel at the factory for Canada No. 1 grade.

Because of the purchase of potatoes by the United Kingdom and the development of other export outlets, plus the starch program, prices of potatoes were above the support level. New Brunswick potatoes, Mountains No. 1, sold in Montreal during April and May above the support price. The only loss the Board took was in the starch diversion program.

^{1/} P. C. 4295, October 17, 1946. Authorizing minimum returns on the 1946 potato crop to producers in Prince Edward Island and New Brunswick.

The 1948 potato crop was about 20 per cent above the previous five-year average. This fact, together with loss of export markets, necessitated price support for potatoes grown in Prince Edward Island and specified counties of New Brunswick.^{1/}

The Board purchased Canada No. 1 grade potatoes in growers' bins (exclusive of amounts required for planting and sales after inspection) on or after April 1, 1949 at \$1.15 per 100 pounds.

The need to assist the Nova Scotia apple growers in respect to the 1947 crop arose directly from the loss of the United Kingdom market because of that country's shortage of purchasing power in Canadian dollars. Aggravating the situation was the fact that this product was a war casualty and that the varieties customarily exported to the United Kingdom were not those most acceptable in Canadian or United States markets. The Board, with the approval of the Governor in Council guaranteed a return of \$2.25 per barrel to the grower plus packaging and delivery costs.^{2/} Every effort was made to dispose of as large a quantity as possible in fresh fruit form; nevertheless, it was necessary to direct a considerable proportion of the crop to processing plants. The cost to the Dominion Government of this program amounted to over \$3 million. Farm values of Nova Scotia apples in 1947 were below those in 1946.

For the year 1948, the Board supported Nova Scotia apples sold fresh at \$3.90 a barrel and \$2.50 per barrel for those sold for processing as dried apples or apple juice.^{3/}

For the first time in the post-war period, in 1948 the Board assisted in the disposal of British Columbia apples by supporting the price of specified grades

^{1/} P.C. 5488. November 26, 1948. Price support for the 1948 potato crop grown in Prince Edward Island and specified countries of New Brunswick.

^{2/} P.C. 3536. September 11, 1947. Annapolis Valley apples designated as "agricultural product" for purposes of the Agricultural Prices Support Act, 1944.

^{3/} P.C. 4042 & 4043. September 29, 1948. Authorizing support for the 1948 crop of Nova Scotia apples.

and sizes of stated varieties of up to a maximum of 250,000 boxes of the 1948 crop at the amount by which the average price fell below \$2 per packed box.^{1/}

To take care of the 1949 apple crop surplus in Nova Scotia and British Columbia, the Canadian Government, through the Board,^{2/} and the United Kingdom Government have each spent \$1.5 million for apples of specified varieties, sizes, grades and prices, for shipment to Britain. Approximately \$2.2 million and \$.8 million were spent for Nova Scotia and British Columbia apples respectively.

Assistance to Ontario bean growers became necessary in 1948 due to loss of overseas outlets. Exchange difficulties eliminated exports to these markets which previously absorbed up to 200,000 bushels of Ontario white beans annually. In addition, the United States Department of Agriculture declared beans a surplus commodity, which prevented their purchase in Canada with ERP funds.

The Board was authorized on February 15, 1949^{3/} to purchase grades Canada No. 1 and Canada No. 2 at \$3.75 per bushel delivered to the bean warehouses up to July 31, 1949. Under this policy, the Board purchased and shipped to Palestine for relief purposes approximately 38,000 bushels, which totalled about \$200,000 including shipping charges.

The Board took over price support of butter on April 1, 1949^{4/} from the Dairy Products Board, which had administered the policy from May 1948. The floor for first grade creamery was maintained at 58 cents per pound, basis Montreal and Toronto (59 cents delivered at Charlottetown, Halifax and St. John and 57½ cents basis delivery Vancouver) at first until March 31, and then extended to April 30, 1950. From May 1, 1950 to April 30, 1951 the floor price is 53 cents per pound

^{1/} P.C. 5105. November 5, 1948. Authorizing support for the 1948 crop of British Columbia apples.

^{2/} P. C. 4712. September 13, 1949. Agricultural Prices Support Act - prescribing prices for Canadian fresh apples.

^{3/} P. C. 607 & 608. February 15, 1949. Authorizing support of 1948 crop of Ontario white beans.

^{4/} P.C. 1573. April 5, 1949. Authorizing Agricultural Prices Support Board to purchase butter.

P.C. 1609. March 28, 1950. (Agricultural Prices Support Act - prescribing

P.C. 2126. April 25, 1950. (prices for first grade creamery butter.

basis delivery Halifax, St. John, Montreal and Toronto and $52\frac{1}{2}$ cents delivered Vancouver.

Dried skim milk became eligible for price support on May 21, 1949.^{1/} Purchase price of skim milk by the Board was 9.5 cents per pound for roller and 10.75 cents per pound for spray, f.o.b. country points, up to a value of one million dollars.

As the 1949 contract with the United Kingdom for cheese was filled earlier than anticipated, the Board bought, up to December 31, 1949, unwaxed white cheddar cheese of standard export size produced in Ontario and Quebec on and after August 1, 1949.^{2/} The price for first grade cheese delivered f.o.b. factory was 30 cents per pound.

The reduction in export outlets for honey and the large crop in 1948 resulted in surplus stocks. To assist producers by relieving the market of this surplus^{3/} and so enable the industry to dispose of remaining stocks, the Board purchased pasteurized honey in bulk containers in carlot quantities, price basis for white No. 1 grade, 14 cents a pound, with appropriate differentials for lower grades, less the export freight rate to Montreal. Maximum quantity to be purchased was set at five million pounds up to July 31, 1949.

Price support for eggs^{4/} during 1950 is in the form of a storage program. Under this plan, the Board will buy, at the termination of the storage period late in 1950, all eggs then unsold which have been stored according to Board specifications during the period January to early June of this year.

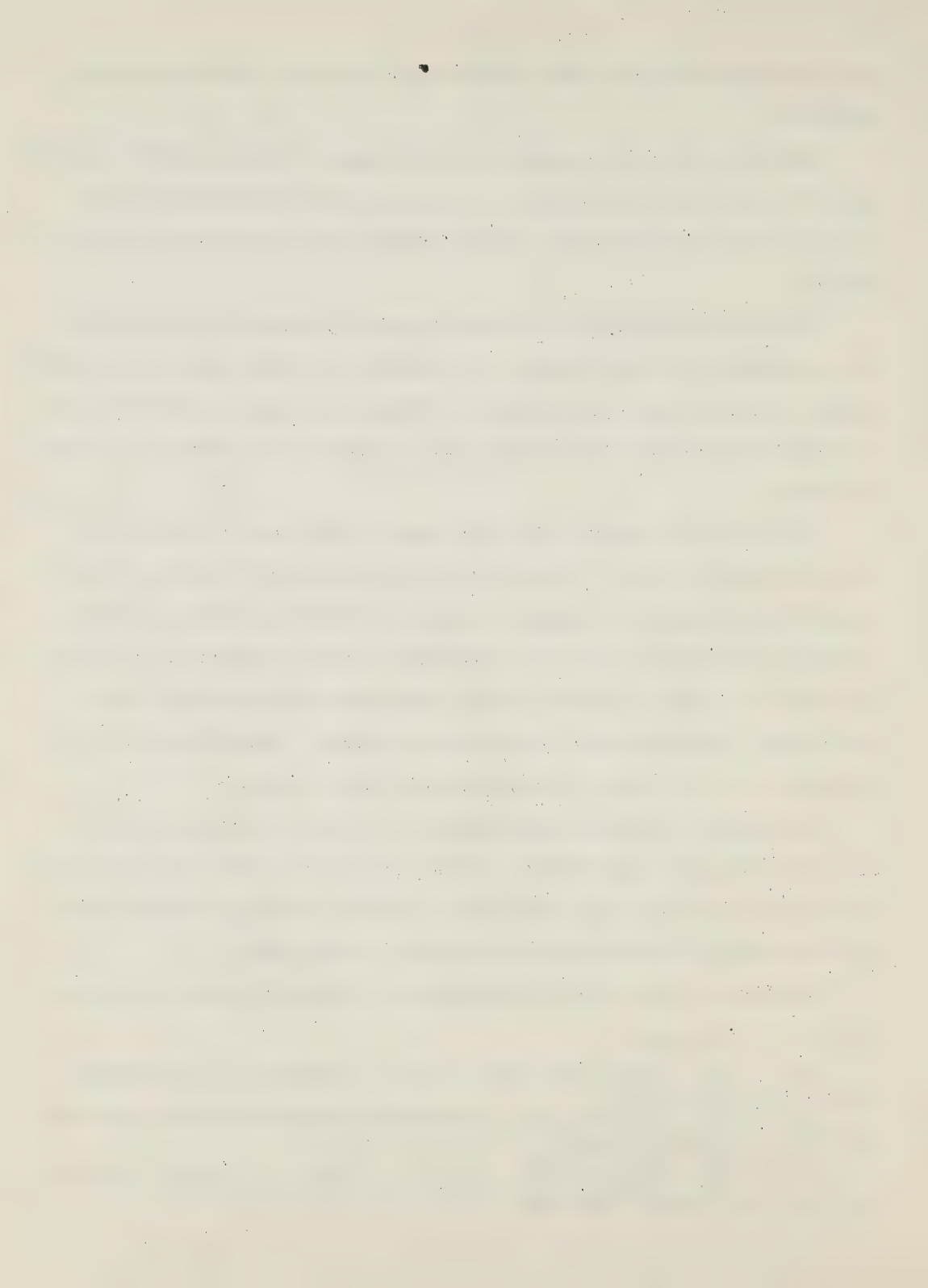
The Board will pay, at all storage points in Canada, 38 cents per dozen for

^{1/} P.C. 2250. May 27, 1949. Dried skim milk designated an agricultural product for price support.

^{2/} P.C. 4325. August 24, 1949. Agricultural Prices Support Act - prescribing prices for cheddar cheese.

^{3/} P.C. 1789. April 7, 1949.

^{4/} P.C. 367. January 25, 1950. Agricultural Prices Support Act - prescribing prices for Canadian shell eggs.



eggs stored as Grade A large and 36 cents per dozen for eggs stored as Grade A medium, plus an allowance not to exceed five cents per dozen to cover charges associated with storage.

From the above outline it is apparent that to date, with the exception of butter, cheese and eggs, the Board has not offered an overall price support program which accepted the product as produced for market.^{1/}

The Agricultural Products Act, 1947.^{2/} During the post-war years the Federal Government derived its powers to enter into bulk purchase agreements with governments of any country and to enter into contracts for storing or processing of agricultural products from the Agricultural Products Act.

In the preamble the Act states:

it is necessary by reason of the existing national emergency that Parliament confer authority to enable the Government of Canada to fulfil its obligations under the said agreements and to continue to sell and export food supplies to distressed countries for the relief of suffering and the distribution of essential food supplies in order to maintain economic stability and to ensure an orderly transition from war to peace.

All agricultural products except wheat are included in this Act, which is

^{1/}The Board completed its first major commodity distribution in July 1950 when it sold the balance of its 1949 make butter in the domestic market. It has similarly marketed most of its holdings of 1949 cheese and 1948 honey in the domestic market during the year. All of these commodities with stocks held by the Board being valued at close to \$35 million have been sold with losses to the Government in the neighbourhood of \$2 million. These losses resulted mainly from the decrease in the selling price of the inventory of 1949 make butter after May 1, 1950. The net cost of the price support program since it came into force, as reported in the 1949-50 Annual Report of the Agricultural Prices Support Board, was \$8,128,960 (this does not include butter, eggs or cheese).

^{2/}An Act to Provide for the Sale and Export of Agricultural Products. 11 George VI, Chap. 10. Assented to 14 May, 1947. (Date of expiration extended by amendments in 1948, 1949 and 1950.)

The Minister of Agriculture, in introducing the resolution extending the life of the Act into 1950, stated:

"The original act, passed in 1947, provided that the contracts which were entered into during the war could be carried on following the war. The legislation has applied only for twelve months at a time, and therefore on three occasions we have passed a bill similar to the one which will be introduced providing that the act shall continue in existence for a further period of one year."

Hansard. March 23, 1950. p. 1042.

administered by the Minister of Agriculture. He may

(a) sell or export agricultural products to the government of any country or any agency thereof pursuant to any agreement made by the Government of Canada with the government of such country or with such agency and for those purposes may purchase agricultural products and make such arrangements for the purchase, sale or export of agricultural products as he considers necessary or desirable;

(b) on behalf of the Government of any country or any agency thereof purchase or negotiate contracts for the purchase of agricultural products;

(c) by order require any person to give such information respecting his facilities for the storing or processing of agricultural products and at such times as the Minister may designate in such order;

(d) enter into contracts for the storing or processing of agricultural products.

Under the Act, the Minister of Agriculture may establish and authorize commodity boards "to exercise and perform all or any of the powers and duties of Minister under section three of this Act..." The Governor in Council may make regulations

(a) requiring the shipment or delivery to or to order of the Minister of the storing for future delivery to the Minister of such agricultural products as the Governor in Council considers necessary for the fulfilment of any contract for the sale or export by His Majesty of said agricultural products to the government of any other country or any agency thereof and determining the prices to be paid for or in respect of any of the said products so shipped, delivered or stored, which prices shall be based on the appropriate contract price and shall bear a proper and reasonable relationship thereto.

(b) for the purpose of regulating the movement of apples from one province to another and requiring that any such movement be made only by or under the authority of a provincial marketing board.

Under the Act three wartime boards--Meat, Dairy and Special Products--continued to function. The number of commodities under agreement, and the quantities involved were reduced.^{1/} By the beginning of 1950 only wheat, bacon and cheese exports to the United Kingdom were under agreement, and only the latter two products came under the Act.

The importance of the contracts was that they assured the Canadian farmer of

^{1/} For more detail, see "Exports of Canadian Farm Products, War and Post-War."

an export market for nearly his total exportable surplus. The contract price acts as a "floor price"^{1/} and what might be considered a "forward price." The government through its authorized boards, purchased all the supplies available over and above the domestic requirements. Where necessary, these boards could direct the movement of commodities under contract or, if necessary, requisition supplies.

Thus, under this Act the Government has indirectly and directly supported prices of such farm products in the post-war period. Farm products subject to contract have included bacon and pork products, beef and beef products, mutton and lamb, eggs, cheese, processed milk, some fruits, and flax fibre and seed. Direct support action occurred in the case of butter, and a combination of both direct and indirect price support activity was applied to the 1950 production of cheese and bacon.

The Dairy Products Board supported the price of first grade creamery butter at fifty-eight cents per pound, basis Montreal, from May 1948 to March 31, 1949.^{2/} The reason for the decision was stated in the order in council.

That it is desirable in the interests of both producers and consumers to reduce the spread in price to a minimum and, at the same time, to induce maximum production in the summer months when production conditions are favourable.

From April 1, 1949 this price support policy has been administered by the Agricultural Prices Support Board.

Since January 1, 1950 the Dairy Products Board has been buying cheddar cheese^{2/} for the United Kingdom at 28 cents per pound basis first grade FAS Canadian

^{1/} The Minister of Agriculture in an address to the Annual Meeting of the Canadian Federation of Agriculture on January 31, 1950, said:

"It is much simpler for us to sell our food products to our natural market, Britain, and a sale of the surplus of some of our commodities on a contract basis is absolutely essential to the successful application of price stabilization through floor prices in a country which is not financially strong enough to do what the United States does through Marshall aid."

^{2/} P.C. 2412, May 28, 1948.

^{3/} P.C. 366, January 25, 1950.

1. The first part of the paper

describes the general situation

of the country and the

importance of the project.

The second part of the paper

describes the methods used

in the study and the results

obtained. The third part of the

paper discusses the results

and the conclusions drawn.

The fourth part of the paper

describes the conclusions

drawn from the study and

the recommendations made.

The fifth part of the paper

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seaboard to fill the United Kingdom contract for between 70 and 84.7 million pounds in 1950.^{1/} The difference between the price of 28 cents at which the cheese is bought in Canada and the sale price of 25 cents per pound to the U.K. is being borne by the Canadian Government. This arrangement is designed to assist cheese producers in making the adjustment to the lower price level.

The Meat Board has been buying bacon since January 2, 1950, at \$32.50 per 100 pounds, basis grade A Wiltshire sides delivered at Canadian seaboard for shipment to the United Kingdom. The contract covers 60 million pounds of bacon. The difference of \$3.50 per 100 pounds between the buying price of \$32.50 and the price of \$29.00 at which the bacon is sold to the United Kingdom is being met from Canadian Government funds.^{2/} This subsidy of \$3.50 per 100 pounds will be discontinued on and after the purchase of the 60 million pounds has been completed.

The Agricultural Products Marketing Act^{3/}.- The purpose of this legislation, stated in broad terms, is to facilitate the co-operation of the Federal and provincial governments in improving the methods and practices of marketing agricultural products in Canada, and specifically to co-operate with the provinces which have enacted provincial marketing legislation, in order that such legislation may be extended to the marketing of agricultural products in interprovincial and export

^{1/} The Dairy Products Board requisitioned cheese. On April 20, 1950, the Minister of Agriculture announced in the House of Commons, "cheddar cheese production in the provinces of Ontario and Quebec, beginning May 1, 1950, will be requisitioned. The requisitioning of cheese was requested by the Ontario cheese producers' association and the dairy farmers of Canada in order to safeguard the filling of the contract to supply cheese to the British ministry of food during 1950." (Hansard. p. 1901.)

Requisitioning was ended November 1, 1950, but only 54.9 million pounds had been purchased under the agreement.

^{2/} P.C. 323, January 20, 1950.

^{3/} An Act to provide for the Marketing of Agricultural Products in Interprovincial and Export Trade. 13 George VI, Chap. 16. Assented to 30th April, 1949.

trade.^{1/}

This legislation makes it possible through marketing boards to provide producer groups within a province with complete marketing control over any commodity produced in that province. It gives a provincial board authority to take action with respect to those producing the product within the province and requires them to handle the product in a certain procedure when marketing outside the province.

The powers granted under the Act are stated in Section 2:

2. (1) The Governor in Council may by order grant authority to any board or agency authorized under the law of any province to exercise powers of regulation in relation to the marketing of any agricultural product locally within the province, to regulate the marketing of such agricultural product outside the province in inter-provincial and export trade and for such purposes to exercise all or any powers like the powers exercisable by such board or agency in relation to the marketing of such agricultural product locally within the province.

(2) The Governor in Council may by order revoke any authority granted under subsection one.

3. The Governor in Council may make regulations prescribing the terms and conditions governing the granting and revocation of authority under section two and generally may make regulations for carrying out the purposes and provisions of this Act into effect.

The scope of the Act is illustrated in the case of the British Columbia Coast Vegetable Marketing Board. In a recent article^{2/} it was stated,

the seven specific powers... which were bestowed upon it [the Board] by the British Columbia government for marketing in a certain area within the province... have been extended under the Agricultural Products Marketing Act, 1949, are as follows:

1. To regulate the time and place at which and to designate the agency through which any regulated product shall be packed, stored,

^{1/} The Minister of Agriculture, in discussing the Act in the House of Commons on May 19, 1950, had this to say:

"under the act that was passed in 1949 [Agricultural Products Marketing Act] ... we will see that any board which is marketing farm products outside the province has the same rights and opportunity to do so, and all the safeguards, that are present in connection with interprovincial marketing or international marketing. They will not be denied any of those things, so long as they do not overstep the provisions of the provincial law."

(Hansard. p. 2687.)

^{2/} Turner, A. H. Agricultural Products Marketing Act, 1949. The Economic Annalist, December 1949. p. 132.

or marketed; to determine the manner of distribution, the quantity and quality, grade or class of the regulated product that shall be transported, packed, stored or marketed by any person at any time; and to prohibit the transportation, packing, storage, or marketing, in whole or in part, of any grade, quality, or class of any regulated product.

2. To require any or all persons engaged in the production, packing, transportation, storing, or marketing of the regulated product to register with and obtain licences from the Board.

3. To cancel any licence for violation of any provision of the scheme or of any order of the Board or the regulations.

4. To fix the price or prices, maximum price or prices, minimum price or prices, or both maximum and minimum prices at which the regulated product, or any grade or class thereof, may be bought or sold in the Province, and may fix different prices for different parts of the Province.

5. To require the person in charge of any vehicle in which the regulated product could be transported to permit any member or employee of the Board or any police constable to search the vehicle.

6. To seize and dispose of any of the regulated product kept, transported, packed, stored, or marketed in violation of any order of the Board.

7. For the purpose of ascertaining whether the orders, rules and regulations of the Board are being complied with to inspect the books, accounts, records and documents of a grower or any person transporting, packing, storing or marketing a regulated product; and to require any such grower or person to produce such books, accounts, records and documents for inspection and give such assistance or information as may be required.

This federal legislation is not designed primarily to support prices of farm products. However, under the provision of the Act farmers can control the movement of their product and to that extent minimize the fluctuations in prices.

Organized marketing boards under this Act

could make it possible for the Agricultural Prices Support Board ... to render more effective assistance to agriculture. This would be possible since such Boards would provide a means whereby the Agricultural Prices Support Board may be approached when the need arises and also would be helpful in handling any price support program where the deficiency payment method is used.^{1/}

Boards operating under this Act in 1950 are the Nova Scotia Marketing Board,

the British Columbia Fruit Board, the British Columbia Coast Vegetable Marketing Board, the British Columbia Interior Vegetable Marketing Board, the Southwestern Ontario Potato Growers Marketing Board, and the Ontario Winter Celery Board.

Other Price Support Measures.- The Federal Government assisted raspberry growers by guaranteeing bank loans to grower co-operative organizations concerned by assisting the financing of fertilizers, barrels and field crates in 1948.^{1/} In March 1949 this policy gave way to purchase of SO₂ raspberries at 12 cents per pound net to a maximum of almost \$358 thousand from grower co-operatives by the Government, plus a grant of \$47 thousand for fertilizer and \$20 thousand for field crates.^{2/} This appropriation enabled producers to dispose of the 1948 crop before it interfered with marketing the 1949 crop.

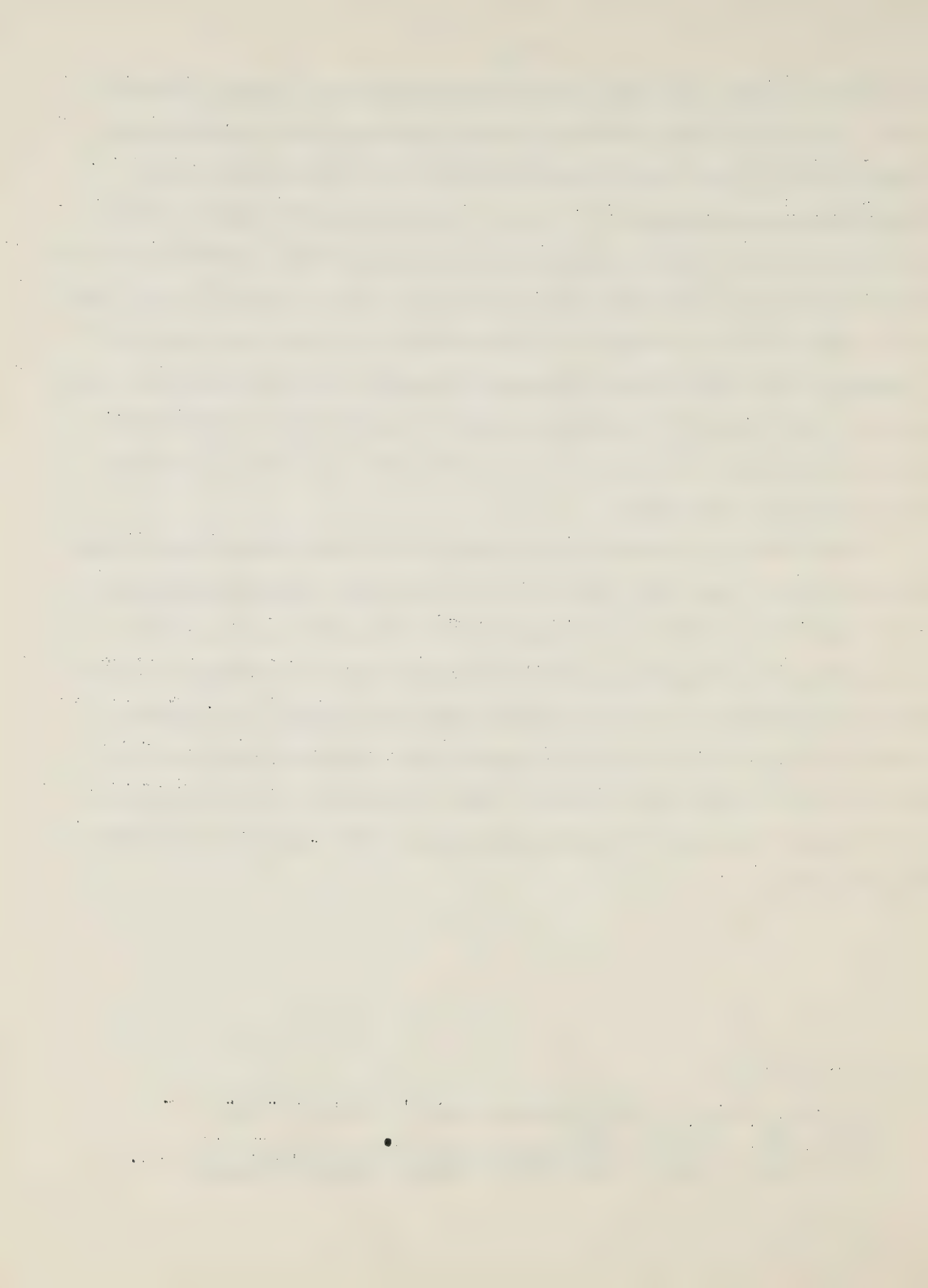
In addition to the purchases by the Agricultural Prices Support Board for the United Kingdom, on April 12, 1950^{2/} the Federal Government approved a contribution of one-half million dollars for the benefit of the Nova Scotia apple growers represented by the Nova Scotia Apple Marketing Board and of two million dollars to growers represented by the British Columbia Tree Fruits Limited. The payments aided in moving the large supplies of apples without depressing the prices for apple growers in other areas of Canada. After these grants no further assistance can be provided on account of special difficulties of the industry in the United Kingdom market.

^{1/} Canada. House of Commons Debates. April 1, 1949. p. 2262.

^{2/} P.C. 1534. March 29, 1949.

^{2/} P.C. 1780. April 12, 1950 (grant to Nova Scotia growers).

P.C. 1781. April 12, 1950 (grant to British Columbia growers).



Provincial Marketing Legislation^{1/-} The development of provincial and federal agricultural marketing legislation was due to similar economic conditions - erratic price movements and dissatisfaction with the marketing system. Constitutional factors made two sets of marketing legislation necessary. In the mid-thirties many of the provinces passed ancillary legislation to the Natural Products Act. No provincial marketing schemes, however, were adopted under provincial legislation during the time the federal Natural Products Marketing Act was in force, except in British Columbia. After the federal act was declared ultra vires, some of the provinces made use of their own legislation.

Currently all ten provinces in Canada have marketing legislation authorizing the establishment of marketing boards with powers to regulate the movement and the

^{1/-}"The general objective has been the supplementing of free market pricing by government sponsored boards of grower representatives under a provincial marketing commissioner. For some products the desire for higher farm incomes from 'orderly marketing' within the year has been the motive. For other products, the farm groups have sought higher prices through compulsory bargaining and arbitration between representatives of the numerous farmers, and representatives of the relatively few processors or distributors who were presumed to have monopolistic powers of bargaining, and were allegedly taking abnormal profits. Through boards set up under the laws of the province with powers of compulsory arbitration, farm producers have sought to bring their own members into line, and to bargain collectively with the distributors or processors who were a bottleneck link with the consuming public. At the request of a group of producers who wish to market their products through a marketing scheme, a poll is conducted by the provincial department of agriculture. If the poll shows a majority of at least two-thirds in its favour, the scheme is proclaimed and all producers of the product concerned are thereupon compelled to comply with its terms. The chairman of the schemes has been the marketing commissioner who heads up a board of farmer members representative of the major producing areas. This board bargains with the representatives of the processors or distributors of the product, and in the case of a dispute can refer it to a governmental arbitration board which makes a decision binding to both parties. Minimum prices may be set, and the channels, quantities and qualities of marketing laid down. In many respects this procedure is peculiar to the Canadian provinces."

Farrell, M. W. Experience with Provincial Marketing Schemes in Canada. Journal of Farm Economics. November 1949. p. 610.

minimum prices of most farm products.^{1/} The provinces of Ontario, British Columbia and Nova Scotia are most active in this respect.

The renewed interest in provincial marketing legislation stems from the federal Agricultural Products Marketing Act, 1949. To make use of the federal act producers must first organize under provincial legislation.

In general all these acts empower producers to organize marketing boards designed to regulate the flow of goods to a market and the conditions of pricing.

Milk control legislation was designed to assist dairy farmers in maintaining or improving their dollar returns. During the early thirties the over-abundant supply of milk, unemployment in cities, and low consumer purchasing power resulted in very low prices to producers. After many official enquiries all the provinces enacted legislation affecting the marketing of milk.

Fluid milk control agencies^{2/} have been set up in nine of the provinces of

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- ^{1/} Newfoundland. The Newfoundland Agricultural Marketing Act, 1939, Act. No. 54 (assented to Dec. 29/39).
Prince Edward Island. The Agricultural Products Marketing Act, 1940, Chap. 40 (assented to May 2).
Nova Scotia. The Natural Products Marketing Act, 1946, Chap. 10 (assented to Apr. 18) amended: 1947, Chap. 68; 1949, Chap. 64.
New Brunswick. The Natural Products Control Act, 1937, Chap. 53.
Quebec. An Act to Aid the Sale of Agricultural Products, R.S.Q. 1941, Chap. 133.
Ontario. The Farm Products Marketing Act, 1946. S.O. 1946, Chap. 29; amended 1949, Chap. 32.
Manitoba. The Manitoba Natural Products Marketing Act, R.S.M. 1940, Chap. 147.
Saskatchewan. The Natural Products Marketing Act, 1945. S.S. 1945, Chap. 18 (assented to Mar. 30).
Alberta. The Alberta Marketing Act, S.A. 1939, Chap. 3; The Agricultural Products Marketing Act. S.A. 1949, Chap. 2.
British Columbia. Natural Products Marketing (British Columbia) Act. R.S.B.C. 1948, Chap. 200.
^{2/}The Prince Edward Island Milk and Cream Producers, Consumers and Distributors Protective Act, 1941.
Nova Scotia. The Agriculture Marketing Act, as amended in 1944.
New Brunswick Dairy Products Act, 1935.
Quebec. Dairy Products Act, 1941.
Ontario. The Milk Control Act, 1937.
Manitoba. The Milk Control Act, 1937.
Saskatchewan. The Milk Control Act, 1940.
Alberta. The Public Utility Act, as amended in 1934.
British Columbia. The Public Utility Act, as amended in 1946.

Canada and, while the type of control differs in the various provinces, the method of operation and the powers of the agencies are very similar.

All provincial agencies have the power, under their control legislation, to enquire into all matters pertaining to the fluid milk industry. Milk control operates in those areas defined by the provincial boards and while all boards have the authority to bring any area in a province under control, in most provinces the controlled areas are confined to the larger centres in the provinces.

In milk control areas, prices for milk may be established at both the consumer and producer levels. In two provinces, Alberta and Quebec, only minimum prices are established and while these prices do actually in practice become the legal prices, there is nothing to prevent distributors from increasing either the buying or selling prices at any time. In Nova Scotia consumer prices are fixed while producer prices must be "not less than" those established by the Board. In Ontario only minimum producer prices are established. In the provinces where both consumer and producer prices are fixed, distributors have a fixed margin on which to operate.

The Wartime Price Stabilization Program

The Canadian Government established an over-all price and wages ceiling in December, 1941, to minimize economic and social dislocations and to attain maximum production of essential goods during the war years.

The price stabilization program, as applied to Canada, involved ceiling prices, fixed prices, minimum prices and contract prices. The control of prices was achieved, in general, by using the basic period formula, under which the ceiling price for each individual seller was the highest price which he charged during an established basic period. Where this base price was difficult to determine, standard maximum prices with allowance for regional differences and regulated mark-ups on specific retail prices were established.

The main lines of Canada's financial policy during the war were: first, to pay as much as possible of the costs of war from taxation; second, to impose this increased taxation in accordance with ability to pay; and third, to avoid inflation.

The Minister of Finance in a speech to the Ontario Federation of Agriculture on March 17, 1942, said:

The economic necessity for the price ceiling is not hard to understand. The very large expenditures that we are having to make for war purposes are continually swelling the incomes of the people and giving them more money to spend themselves. On the other hand, nearly everyone able to work is already at work, so that any further expansion of production can only be very small, while more and more of our current production must be diverted to war purposes. Therefore, enough goods simply cannot be supplied to satisfy the increased demands of consumers, no matter how high they may bid up the prices. Perhaps I can best illustrate the situation by a figure of speech I have used before. We have, in effect, been working for eight hours a day, of which we have been working three hours on war work of one kind or another. We have been getting paid for eight hours' work, however. If we try to spend our eight hours' pay on the product of five hours' work, we shall certainly force prices up and create excessive profits for somebody. Some of our eight hours' pay, perhaps the pay for an hour and a half, goes in war taxes, and some into war savings, but we are still trying to spend more than our five hours' pay on the product of that five hours' work. To prevent that situation resulting in continually rising prices, we put a ceiling on prices.

The important position of agriculture, indeed its central position, in relation to this whole policy of price stabilization, was recognized from the very beginning. As I emphasized in explaining the programme to the House of Commons, the policy could not be introduced until farm prices

had been allowed to come fairly well up in line with other prices. We had waited until this had happened. By the time the price ceiling was put into effect the general level of retail food prices and of farm prices, with the exception of wheat, had reached a fairly reasonable relationship with other prices. Wheat, of course, lagged behind for special and obvious reasons. The special problems of wheat prices and wheat production were already being looked after at that time by other means than normal market prices. We could not delay our whole price policy to wait for the wheat problem to disappear. Therefore, at the same time that the general price stabilization policy was introduced, special additional measures were taken to ensure reasonable incomes for Western wheat producers. One other immediate agricultural problem at that time, the relative scarcity and high cost of feeds in Eastern Canada, was met by another special measure under which the Government assumed the cost of transporting feed grains and other feed from the Head of the Lakes to points in Eastern Canada.

A month later in the House of Commons he pledged:

I will guarantee that I will do everything within my power, and the government will do all it can do to prevent the kind of inflation which set in after the last war.

The Prime Minister in a radio address to the Canadian people on December 4, 1943 re-stated the objective and the reasons for positive action on the price inflation front:

But we found, two years ago, that we could not win the battle against inflation with taxes and borrowing alone. Prices began going up too rapidly. Each dollar was buying less and less. The time had come for a more drastic weapon. We then decided to fight inflation with direct control of prices. A so-called "ceiling" was placed over virtually all prices. We all welcomed the "ceiling" on the prices of things we had to buy. But, someone has to sell everything we buy. And it is impossible to control the price of what we buy, unless the price of what is sold is also controlled.

The battle against inflation is being waged by the people of Canada in co-operation with their government. The price ceiling is the front line in that battle. If we fail to hold that line, the whole structure of our war effort will be impaired. We would endanger the continued and uninterrupted production of munitions of war. We would be lessening the purchasing power of money in our possession, and penalizing all whose incomes are fixed. We would be lessening the value of war savings, and indeed of all savings, both compulsory and voluntary. We would be cutting down the value of the allowances of soldiers' dependents, and of the pensions of disabled soldiers themselves. Worst of all, by jeopardizing production through industrial strife, we would be adding further risks to the lives of our fighting men. If the battle line begins to crumble, if the price ceiling breaks down, in the long run, all stand to lose.

To sum up, the fight against inflation as a wartime objective had a twofold purpose. Directly, it had a short run purpose - to facilitate maximum production

in an efficient manner during the war years. It was essential to prevent a misuse of resources or the inefficient expansion of a productive unit. Indirectly, it had a long run purpose - to leave the Canadian economy in solvent condition.

Scope of Program.- The policy of price control developed through three stages in response to changes in the course of the war. The first stage commenced with the establishment of the Wartime Prices and Trade Board^{1/} and lasted until the summer of 1940. This stage may be described as the period of experimentation. The second stage was from the summer of 1940 to December, 1941, and may be termed a period of intensification. The third stage was from December, 1941 to V-J day^{2/} and may be referred to as the period of consolidation.

During the first stage, there were many temporary shortages resulting from the confusion in shipping movements, and from the sudden impact of intense war demand for certain materials. These shortages existed only until the blocked channels of trade could be cleared and the flow of supplies organized.

The specific price controls before the imposition of the general price ceiling were limited to wool, sugar, butter and rentals. These formal controls were supplemented by a variety of informal actions to forestall, limit, or prevent threatened price increases affecting a number of commodities, including bread, millfeeds and hides. The primary object of selective price control was to prevent increases in costs of production or in the cost of living. In some instances, selective price control was designed to keep goods moving by making it clear that there was no speculative advantage to be gained by suppliers refusing to sell, as in the case of wool.

^{1/} It was among the first major steps in the economic organization taken by the Federal Government in immediate anticipation of the declaration of war. The preamble to Order in Council P.C. 2516, passed under the powers conferred by the War Measures Act of 1914, set forth the Government's intention, through the operations of the Board, "to provide safeguards under war conditions against any undue enhancement in the prices of food, fuel and other necessities of life, and to ensure an adequate supply and equitable distribution of such commodities."

^{2/} The stage after V-J day could be described as the period of decontrol.

So far as agriculture was concerned during this period, the issue was not control of prices or shortages of material. The problem centred around surpluses, for example, wheat, apples and tobacco, and the need for support of prices of hogs and dairy products.

A major problem was the shortage of American dollars. Because production was expanding and there was still an adequate reserve of manpower, the risks of inflation lay only in the future. A number of price problems had been encountered, but it was fully realized that up to that time no really serious inflationary problems had been met.

During the second stage, beginning in the summer of 1940, Canada faced not only the shortage of United States dollars, but the shortage of actual materials and goods, and of the labour and equipment to make the goods. Supplies which had been plentiful became scarce because cargo space for their transport was scarce. Rubber, jute, cork, oil, minerals and other products became difficult to obtain.

Shortage of needed materials was not the only factor influencing the selective price control policy. Canada, by this time, had approached a position of full employment, where an increase in the output of war supplies could no longer be secured by drawing upon idle reserves of material, labour or equipment, but only by diverting resources away from the civilian sector of the industry into wartime employment.

By the fall of 1941, it was recognized that the price control policy needed to be revised, coordinated and strengthened. Having considered the possibilities of a selective price control, as against a universal price ceiling, the Government made its decision in favour of the latter in December, 1941. The Minister of Finance, in an account given to the House of Commons on November 6, 1941, of the reasons for adopting an over-all as against a selective price ceiling, referred to the following set of factors: The speed with which this method of control could be applied; its non-discriminatory character; its greater administrative simplicity;

the fact that only a minority of cases would call for detailed investigation and adjustment; the need of a general ceiling to justify stabilization of wages and other fixed incomes; and most important of all, the need of a general ceiling to prevent the development of an inflationary spiral.

The price ceiling, by itself, was not regarded as a complete defence against the danger of inflation. The five-point program enunciated by the Prime Minister on October 18, 1941, included an over-all price ceiling, and wage and salary controls, profits and income controls, allocation and rationing controls, and manpower controls.

The third stage is characterized by the stringent controls and the greater administrative guidance of Canada's economic activities.

The Wartime Agricultural Price Program

The price stabilization program affected the farmer in two ways. First, the principle of price ceilings was applied to all agricultural prices. Second, agricultural income was supported, where necessary by government action.

Price Ceilings

The price ceiling, adopted as part of a broad wartime economic program, provided that no person could sell goods or supply services to consumers at a price or a rate higher than the maximum price or rate at which he made the sales of such goods or services during the basic period between September 15 and October 11, 1941. A number of amendments and revisions were made after the original order came into being.

In determining the prices of most farm products, the Wartime Prices and Trade Board recognized in its first statement of policy that the maximum price could not be based upon the ceiling prices of individual farmers. Consequently, one of the first acts of the Board was to exempt farmers' individual prices from the ceiling and to rely on ceilings over the manufactured or processed products. When these were not sufficient, wholesale market ceilings for the commodities concerned were established.

As a result, when over-all price control was instituted in December, 1941,^{1/} ceiling regulations were not applied to the sale of farm products by farmers to dealers or to processing plants. The reasons for providing exemptions from ceiling regulations was to give farmers the benefit of any trading situation which might arise without increasing prices to the ultimate consumer and administratively it was practically impossible to establish ceilings. It also aimed to permit supplies to flow freely from farmer to processor. As the administration of price control advanced, however, it was found advisable in the interest of all concerned to make certain exceptions to this general policy. These exceptions included wool, farm butter, certain grains, and maple products.^{2/} Ceiling price regulations applied in the case of farmers selling products direct to consumers through market stalls or by other methods. Farmers became retailers to all intents and purposes and could not sell products direct to consumers at prices any higher than the ceiling established for that district.^{3/}

To facilitate dealings between farmers, certain transactions were exempted from price ceiling regulations, for example, exchanges, or barter of hay, grain, seed, seed potatoes, farm implements, fertilizers, bees, livestock, meat, poultry and poultry products, and other agricultural products and supplies, custom milling, seed cleaning and other agricultural services. These exemptions did not apply to any transactions involving resales.^{4/}

^{1/} The over-all price ceiling came into effect on December 1, 1941. Its details were set forth in P.C. 8527, dated November 1, 1941, and entitled "The Maximum Prices Regulations." This Order in Council was consolidated under P.C. 8528, November 1, 1941 - "Wartime Prices and Trade Regulations."

^{2/} W.P.T.B. Order 117, March 23, 1942 - Respecting wool.

W.P.T.B. Order 26, October 27, 1940 - Respecting dairy butter.

W.P.T.B. Order A366, August 26, 1942 - Respecting feed grain.

W.P.T.B. Order 67, December 1, 1941 - Respecting maple products.

^{3/} W.P.T.B. Order 214, January 12, 1943. (Consolidates Board Orders 115, 144, 143 and 154.) Respecting maximum prices of consumer goods.

^{4/} W.P.T.B. Order 102, February 10, 1942. (Consolidates in Board Order 189.) Transactions between primary producers.

The Minister of Finance, in an address to the Ontario Federation of Agriculture on March 17, 1942, assured farmers that:

The ceiling principle has been applied, and will be applied to agricultural products with fairness and common sense. We recognized at the outset that we could not freeze the prices at which individual farmers had been selling their products, and therefore, we continued to let them seek out the best buyers and confined our attention to commodities and markets. We have not tried to freeze the prices of fresh fruits and vegetables, whose prices have to adjust themselves to rapid changes in the supply, and because storage of them is a complicated matter. However, an eye has been kept on these commodities, and ceilings were placed on the prices of onions and potatoes when the Board observed that the spread between what the producer received and the consumer paid was widening.

Price Supports

In addition to a ceiling over farm prices, there were established direct and indirect floors or supports under the prices of many farm products. The main purpose of support prices during the war was to guarantee production effort. To stimulate the output of goods which could not be available until some time after the productive process was initiated, the Government guaranteed to pay a minimum price until some future date. This method, used most often for increasing the supply of farm products, was to tell the farmer at planting time the minimum price he would receive when the crop was harvested. Another purpose was to provide minimum prices for farm products selling in a contracted market. This measure aimed at providing a minimum living income and at enabling farmers to continue farming while waiting for market conditions to improve. The apple and wheat growers fell into this category. With an assured outlet for all they could produce, producers had no reason to sell below the set minimum price. The establishment of minimum prices in wartime was, thus, not accompanied by the difficulties that beset the maintenance of a price ceiling. However, problems were unavoidable in the administration of a support price policy. In order to maintain minimum or guaranteed prices, the Dominion Government at times had to buy, or buy and store, large supplies of, for example, wheat, butter, and cattle.

The types of price supports varied in form and method of application. The

following list provides a broad classification of the types of direct and indirect price supports.

Fixed Prices.- Fixed prices were established for wheat, soybeans, flaxseed, sunflower seed and rapeseed. These were both ceiling and floor prices. They were usually announced prior to the seeding season, and the Dominion Government through its authorized agencies purchased the farm product at the fixed price.^{1/} In the case of wheat, oats and barley, the Canadian Wheat Board also issued participation and equalization payment certificates.

Minimum Prices.- Definite minimum prices were established for oats, barley, beef and butter. Ceiling prices were also set. Daily market prices were free to fluctuate between the floor and the ceiling.^{2/}

Indirect Price Support.- Definite large scale export commitments had a stabilizing influence on the market with the result that prices for produce consumed domestically remained in more or less close proximity to the contract price. The farm commodities affected by this arrangement were hogs, cheese, eggs, flax fibre, beans, peas, beef and lamb.

Guaranteed Minimum Prices for a Limited Quantity.- Because of the loss of the European market during the first year of the war, the Dominion Government agreed to purchase a specified maximum quantity of fresh or processed apples at

^{1/}Wheat - Amendment to the Canadian Wheat Board Act, 1939, in Report of The Canadian Wheat Board, Crop Year 1939-40.

P.C. 3802, August 13, 1940. Fixing prices of wheat other than No. 1 Northern for 1940 wheat crop.

P.C. 4219, August 27, 1940. Fixing prices and discounts on certain grades of wheat.

Soybeans - P.C. 2799, April 10, 1942. Establishing regulations respecting production of soya beans.

Flaxseed - Amendment to the Canadian Wheat Board Act, 1939, in Report of The Canadian Wheat Board, Crop Year 1939-40.

Sunflower and Rapeseed - P.C. 2894, April 9, 1943. Establishing regulations for wartime production of sunflower and rapeseed.

^{2/}Oats and barley - P.C. 1801, March 9, 1942 - Stabilizing prices of barley and oats in Western Canada.

Beef - P.C. 4187, June 3, 1943 and Meat Board Regulations.

Butter - P.C. 3230, May 10, 1941. Establishing minimum prices for butter.

a stated minimum price if the domestic market price fell below minimum. Usually the quantity purchased was adequate to hold prices up to the level of the stated minimum.^{1/}

Indirect Minimum Prices.- To stimulate production of canning crops, raw tree fruits and jam berries, subsidies were paid to growers through the processors. The processor who applied for refund on subsidies paid out had to prove he had ~~paid~~ the price as of a stated period. In this manner, basic minimum prices were maintained.

Grower Processor Contract Prices.- For many years, it has been customary for farmers and processors to agree on a price for the marketing of milk and sugar-beets. In these contracts the minimum prices were stated at which the grower agreed to deliver his produce to the processor. During wartime, a similar arrangement was developed for the marketing of certain seeds. The Dominion Government agreed to take the seeds at a minimum price from growers provided they had no other market outlets.

Subsidy Payments^{2/}

The Canadian Government employed the technique of subsidy payments to supplement the price control program. Where the government deemed that a fair relationship did not exist between the prices of farm products and other products, and where production was considered essential in the war effort, it followed a policy of making up the difference by payment of direct and indirect subsidies to agricultural producers,^{3/} to reduce the retail prices of imported and domestic food

^{1/} P.C. 2853, September 25, 1939. Authorizing agreement for purchase of British Columbia and Nova Scotia apples.

P.C. 2905, September 27, 1939. Order in Council providing agreement - Ontario apples.

P.C. 3187, October 18, 1939. Order in Council amending Nova Scotia apple agreement.

^{2/} For details see "Agricultural Assistance, War and Post-War" by Frank Shefrin and Marjorie R. Cameron. Economics Division, Marketing Service, Dept. of Agriculture. Ottawa. March 1949.

^{3/} Or allowed a controlled rise in the price of farm products.

products of widespread consumer use, the government resorted to reduction of excise taxes and import duties, and to consumer subsidies.

The general principle of the Canadian subsidy program, as applied to agriculture, may be summarized as follows: Subsidies were paid for the purpose of keeping down the cost of living to all consumers. They were paid to farmers for the purpose of enabling them to continue producing essential commodities and, at the same time, hold down or reduce their prices in the face of higher costs. And subsidies were paid in order to maintain supplies of essential commodities.

Specifically, subsidies were intended to prevent minor cracks in the ceiling which might quickly spread to other products and increase the cost of living with consequent pressure for higher wages and the ultimate breakdown of the entire stabilization program. Subsidies may be regarded as an instrument of primary significance in the technique of price control.

Subsidies were paid to the agricultural industry by the Dominion Government to:

(1) Compensate for higher import costs resulting from increased shipping charges, higher prices in the country of origin, and the necessity for using more expensive substitutes;^{1/}

(2) Ensure the geographic distribution of domestic supplies by financing transportation costs from surplus to deficit areas and by equalizing the returns to sellers from domestic and export sales;^{2/}

^{1/} Special arrangements were made for the payment of subsidies on United States freight on agricultural implements and parts; and import subsidies were paid on agricultural equipment, including generators, electric fence controllers, tractor parts, and miscellaneous hardware. A shortage of burlap increased the use of cotton for bags, and subsidies were paid on imports of cotton fabrics used in making bags. Subsidies were also paid on imported feeds. Import subsidies were paid on certain fertilizers shipped into the five Eastern Provinces and British Columbia. Assistance was given on imported crude oils and petroleum products that were shipped into the Prairie Provinces.

^{2/} A special appropriation was created to acquire domestic cattle at the export price for resale at the lower domestic ceiling price. A subsidy was also paid to cover the additional cost of diverting supplies of beef and butter from normal markets to areas of acute shortage.

(3) Compensate for increases in real costs attending the use of substitute materials and the use of less efficient labour;

(4) Stimulate production of such commodities as milk, cheese, butter, fruits and vegetables.

Canadian farmers, on the whole, cooperated with the Federal Government in making the price stabilization program a success. The Chairman of the Wartime Prices and Trade Board summed up farmer attitudes to price controls as follows:^{1/}

One aspect of this period (1943-5) invites further comment, and that is the steady and continued pressure in relation to farm prices. The farm pressure was never intransigent or intractable, but it rarely relaxed. The reason for this is not hard to state, notwithstanding the relatively greater rise in farm prices compared with non-farm prices nor the very great expansion in farm cash incomes. Farm prices are in effect the farmer's wages, and the prominence given to industrial wage discussions brought home to the masses of farmers as never before both the absolute level of urban skilled wages and the rate of increase. Admittedly the ceiling was holding their material and equipment costs effectively, but there was no wage ceiling on farm labour and farm labour was desperately short. Farmers felt they were being urged greatly to increase production but found themselves without hired help or with indifferent help at two or three times the pre-war wages. Farm labour turnover was extremely high making it difficult to plan the farm programme for the year. In relation to demand the supply of farm machinery was short, and shortages of lumber, repair parts, or milk cans tended to breed an irritated frustration. Agriculture as a whole steadily and sincerely supported the price stabilization program, but there were always good reasons, first for this group and then that, first this season and then next to press for some adjustment 'to bring them into proper relationship'. Food prices continued to rise until the autumn of 1943, but after that date were held steady for nearly two years, though not without some increases in agricultural subsidies.

The price stabilization program, as such, did not contribute to the maladjustments plaguing the agricultural industry; nor did it bring forth any basic changes in the structure of the industry. Agriculture, at the end of 1945, still had with it the problems of submarginal land, the inability of the price mechanism at times to allocate resources into desirable combinations, the competitive position of agriculture with respect to other industries, the conservatism of the farmer and the uncertainty of markets. But agriculture, at the end of 1945, was a more integrated industry than at the beginning of 1939. Farmers were in a stronger financial position. A considerable proportion of the surplus farm labour had moved to the industrial centres. Technological advances had been made.

^{1/} Taylor, K.W. Canadian War-time Price Controls, 1941-6. The Canadian Journal of Economics and Political Science 13, No. 1, p. 91, 1947.

The Price Decontrol Program in Relation to Farm Prices

A. Decontrol^{1/}. - At the beginning of October 1946, price ceilings still applied to almost all goods of everyday importance in the household budget and to most of the items of chief importance in costs of production including materials and

^{1/} Report of the Royal Commission on Prices, Vol. II. Ottawa, The King's Printer. 1949. pp. 74-75.

"It appears that decontrol policy was based on the following points:
(a) The price ceiling was designed to alleviate the danger of wartime inflation, and would be removed as soon as that danger had passed, thus permitting Canada to return to a free price economy.

(b) The danger of inflation would not end with the cessation of hostilities, nor for some time thereafter, because the supply of civilian goods would take time to catch up with the demand and there would still be an abnormal strain on Canada's productive capacity to assist in the rehabilitation of war-torn countries.

(c) Price controls on the basic period principle would be maintained until the danger of a drastic war-created inflation had passed. More flexibility in the controls, however, would be appropriate to encourage the reconversion of industry to civilian production. It was recognized that certain basic costs had increased and were still increasing, for example, labour and imports, and that a post-war price level higher than the basic period level was inescapable.

(d) Steps would be taken to remove all subsidies paid by the Board; limited subsidies were invaluable during wartime in preventing certain rising costs from starting an inflationary spiral, but they nevertheless had the effect of disguising real cost-price relationships and consequently had no place in a move towards re-establishing a free price system.

(e) The timing of various decontrol measures was most important, both in relation to the general economic position of the country and to the position of the particular commodity in question. In many basic agricultural products, for example, seasonal factors had to be taken into account.

(f) Restrictions on the starting of new businesses and controls on production would be relaxed as quickly as possible consistent with the supply situations.

To implement this policy it was decided to introduce legislation rather than to rely on Orders-in-Council under the War Measures Act. Hence the National Emergency Transitional Powers Act was passed towards the end of 1945, giving the Dominion government the authority for approximately twelve months to continue price, production, distribution and rental controls, and also certain other controls not connected with the Wartime Prices and Trade Board. At the next session of Parliament the Continuation of Transitional Measures Act gave the Board somewhat more restricted powers to continue price, supply, distribution and rental controls. Under this Act, the government could neither increase nor amend the powers of the Board by Order-in-Council. The expiry date of the Act was extended in 1948, and now stands at March 31, 1949, unless in the meantime it is further extended."

farmers' supplies.^{1/} However, the year October 1946 to October 1947 telescoped by far the most important period of decontrol.^{2/}

The first decontrol step of the year 1947 became effective on January 13, and a further major measure of decontrol followed on April 2. Two months later--on June 9--ceiling prices were lifted on additional items. A few items were released from price control at the beginning of July and others followed later in the summer. Finally, a very extensive measure of decontrol became effective September 15, 1947, with the lifting of price ceilings on the majority of goods and services still remaining under control.

The first important foods to be decontrolled were fresh fruits and vegetables which, with the exception of apples, were released from control on January 13, 1947. Ceiling prices were lifted on shell eggs on March 17, 1947 to stimulate production, particularly in view of the higher cost of feed wheat. On April 2, turkeys, geese and ducks were released from price control, followed in June by dairy products, fresh apples, chickens, certain of the less important canned fruits and vegetables, jams and jellies with the exception of those containing straw-

^{1/} Ibid. p. 77.

"By the summer of 1946, certain economic events had occurred both in this country and abroad, which seriously interfered with reconversion and decontrol. The collapse of price control in the United States at the end of June, and the sharp increases which followed, seriously raised the cost of imports. Industrial disputes both in the United States and Canada, caused an acute steel shortage which gravely interfered with reconversion in the durable consumer goods industries and in other fields. Because of these developments the government declared its firm intention to hold Canadian prices, postponed any further decontrol moves until January, 1947, and restored the Canadian dollar to parity with the United States dollar as a means of offsetting the rising cost of imports from the United States."

^{2/} Ibid. p. 76.

"In announcing this price decontrol measure the Prime Minister said that the ceiling was only suspended and not removed from these items. 'Should widespread and unreasonable increases follow,' he said, 'should unprincipled speculators attempt, for selfish ends, to abuse this latitude, the whole policy will be reconsidered. Where necessary, in such cases ceilings will be reimposed'."

berries or raspberries. On July 1, tea, coffee, and bakery products of soft wheat flour were decontrolled, and on September 1 canned corn and tomatoes, peaches and pears followed. Then in the major decontrol step of September 15, 1947, ceiling prices were lifted on flour, bread, prepared cereal products, rice, corn and corn products, beans, peas, canned pork and beans, jams containing strawberries or raspberries, and most of the remaining canned fruits and vegetables, and feeds except wheat and coarse grains.

The action of September 15 reduced the list of food articles still under control to a very small number of key, or very scarce, items. The principal commodities included sugar, molasses, dried raisins, currants and prunes, meat and meat products except poultry, wheat, feed grains (whole and ground), the principal oil-bearing materials (flaxseed, sunflower seed and rapeseed), the more important oils and fats except corn oil and olive oil, and soaps.

Meats and feed grains (oats and barley) were decontrolled on October 22 and dried raisins, currants and prunes on December 31, 1947.

Events late in 1947^{1/} and early 1948 led to a return to price control on some items. While the government was firmly opposed to moving back to any general system of price control, at the same time it was prepared to take action to prevent "unreasonable and unjust" price advances. The prohibition of, or the imposition of quota restrictions on, the importation of fruits and vegetables on November 18, 1947, was followed by sharp price fluctuations and led to the re-

^{1/} Ibid. p. 77.

"At the end of 1946, and early in 1947, a plan was drawn up which aimed at the decontrol of most goods and services by the fall of 1947, and the end of all controls with the probable exception of rentals, sugar, oils and fats, by March 31, 1948. It would appear that this plan was in part based on the expectation that the inflationary upsurge in the United States might reach its peak by the summer of 1947, and that during the autumn prices would be declining. This expectation was not realized for a number of reasons. Rehabilitation on the continent of Europe and in the United Kingdom was seriously set back by the poor harvest and dislocation of transport and industry caused by the severe winter of 1946-47. The demand for food and other forms of assistance from these countries was therefore much larger than had been anticipated. The urgency of granting help was intensified by the marked deterioration in the European political situation."

imposition of ceiling prices on the more important canned fruits and vegetables on November 27, 1947, and to markup control on canned citrus fruit juices on December 4, 1947. Early in 1948, similar action was taken with respect to citrus fruits, grapes, cabbages, carrots, and imported new potatoes.

Butter was back under price control between January 19, 1948 and March 1949 to check rising prices. On July 9, ceilings were put on imported apples and onions, and on August 19 controls were reimposed on wheat flour prices and bread.^{1/}

However, at the same time the program of decontrol continued. On June 18, 1948 Ontario winter wheat, and in August, oilseeds, fats (including lard and tallow) and some oils were released from control.

Flour and bread were decontrolled in March 1949 along with butter, sugar, cane syrups, molasses, apples, some fresh vegetables and the more important canned fruits and vegetables.

With the removal from price control of citrus fruits and juices, carrots, imported new potatoes and grapes, on October 17, 1949, all foods were released from ceiling of prices.

With the exception of rent, all price controls had ended by March 31, 1950.

As regards goods used by farmers in production, decontrol had been completed by the end of 1947. Ceiling prices on farm machinery were maintained unchanged until removal in September 1947. Ceiling prices were lifted on fertilizers on July 1, 1947. However, in the latter part of 1947 sharp advances in prices occurred. In January 1948 steps were taken to roll back the prices of basic ingredients in ammonium nitrate and cyanamide fertilizers where these appeared excessive. On July 8, 1948 ammonium nitrate and cyanamide fertilizers were decontrolled. Almost all pesticide prices were decontrolled January 13, 1947.

Practically all the supply and distribution controls in the food field were

^{1/} Ibid. p. 85.

"The effect of these re-impositions of ceilings was to give Canada during the latter part of 1947 and in 1948 a measure of selective price control.

withdrawn in 1947. The rationing of meat at the consumer level was terminated on March 26, 1947. Butter rationing ended June 9 and the priority system for the distribution of evaporated milk in certain areas was discontinued at the same time. The rationing of sugar was eased prior to its termination both by the removal of various preserves from the list of rationed items and by increases in the amount of the sugar allowance itself. In February, 1947, the rationing of maple syrup and maple sugar was discontinued. Corn, cane and blended syrups were removed from the ration in March, followed by jams, jellies, marmalade and honey on June 9. Finally, the rationing of sugar and edible molasses was abandoned on November 2, 1947.

Various supply controls affecting dairy products were withdrawn in April 1947. These included limitations on the butterfat content of fluid milk (i.e., the prohibition of whipping cream), restrictions on the number of grades of cream which could be sold by distributors and on the monthly sales of cream distributors in a number of important markets.

Restrictions under which the Administrator of Dairy Products directed the allocation of supplies of cheddar cheese between the domestic and export markets were withdrawn at the beginning of April, 1947. However, production of cheddar cheese began to fall off very sharply and in August the Dairy Products Board took steps to assist in implementing United Kingdom commitments, exercising certain controls over the distribution of cheddar cheese until the end of November, 1947, when the cheese producing season was drawing to a close. In May 1950, requisitioning of cheese for export to the United Kingdom was again introduced.

In February 1949, the international allocation of fats and oils was discontinued and Canadian export and import controls removed. On April 19, 1949 the International Emergency Food Committee de-allocated all grains, except rice. All international allocation of foodstuffs was ended on December 31, 1949.

B. Subsidy Removals^{1/-} The removal of ceiling prices was preceded or accompanied by the termination of the subsidy payments affecting various foods. During the year 1947, the removal of subsidies was accelerated to keep pace with decontrol.

Subsidies had virtually all disappeared from the price structure after September 15, 1947 when some of the most important ones, such as those on wheat for processing flour, were cancelled.

Trading losses on items such as cocoa, pepper and dried fruits, corn production, rice, bindertwine, bulk purchased by the Commodity Prices Stabilization Corporation, were also eliminated by raising prices to the trade to approximate cost levels. All bulk purchasing operations (excepting oils and fats) had ceased by the end of 1947.

A number of foods were affected by the termination of subsidies during 1947. These included the important payments on butterfat for creamery butter, milk for cheddar cheese, and wheat for milling.

The subsidy on butterfat used in the manufacture of creamery butter was terminated on April 30, 1947. Introduced in July 1942, the subsidy had varied in amount from time to time; at the time it was discontinued the rate was 10 cents per pound of butterfat (equivalent to $8\frac{1}{2}$ cents per pound of butter). The subsidy on milk entering into the manufacture of cheddar cheese was discontinued on April 30, 1947. Introduced in October 1943, the payment at the time of termination was 30 cents per hundredweight of milk.

On September 13, 1947, currently with the decontrol of flour and bread, the drawback payment on wheat was terminated for the first time. Since 1942 drawbacks had been paid to millers on the basis of the difference between the current domestic price of wheat and the basic period price of $77\frac{3}{8}$ cents per bushel basis No. 1 Northern in store Fort William/Port Arthur. At the time of decontrol the current domestic price of Class I wheat to millers was $\$1.58\frac{1}{2}$ per bushel.

When the price of wheat rose to $\$2.05$ (including 5¢ carrying charges) per

^{1/}For details on agricultural subsidies see: Shefrin, Frank and Cameron, M.R. Agricultural Assistance. War and Post-War.

bushel on August 2, 1948, the millers received a drawback of 45 cents per bushel for wheat used for flour and wheat products sold and delivered for domestic human consumption. On September 1, 1948 the drawback was increased to $46\frac{1}{2}$ cents per bushel, thus leaving the net price of wheat to millers for grinding at $\$1.58\frac{1}{2}$ per bushel. This subsidy ended March 22, 1949.

Other subsidies discontinued in September 1947 were those to yeast manufacturers and on grain used in the manufacture of rye flour. All subsidies on fats and oils were removed by the end of July 1948.

The payment of wartime subsidies by the Dominion Department of Agriculture was, by 1948, reduced to feed freight assistance, hog premiums, and transportation of lime.

The removal of controls and subsidies, in most cases, was accompanied by an upward adjustment in prices of farm products.^{1/} Although the timing of decontrol was related to the supply position, prices continued to climb. The decontrol program was not solely responsible for the increase, but it probably accelerated the rate of increase in price.

^{1/} The Chairman of the Wartime Prices and Trade Board, in his statement to the Special Committee on Prices, on February 11, 1948, had this to say:

"The timing of the various steps in the decontrol program has left its record on the cost-of-living index. A considerable part of the rise in the index over the past two years has been due to the cessation of subsidy payments - how much it is literally impossible to estimate. The direct effect of some of the flat rate subsidies on simple commodities can be stated; for instance, the two flat rate subsidies on fluid milk totalled $3\frac{1}{2}$ cents a quart which is the equivalent of 1.54 points on the index. The direct subsidy on creamery butter was $8\frac{1}{2}$ cents a pound or 1.0 points on the index. But there were also indirect subsidies affecting these commodities - on the coal used for power, on the gasoline used for delivery trucks, on the cotton fabric in the tires, on the wooden butter boxes at the creamery, on the tin in the milk cans, and so on.

Under the price ceiling policy various squeezes were imposed on dealers' margins; when the ceiling came off there was a tendency for margins to resume their natural shape. Under the price ceiling policy we refused to authorize price increases on manufacturers' items that were being produced at a loss as long as the company's over-all profit position was satisfactory. When controls were removed there was a tendency for manufacturers to lift such items out of the red."

The Price Decontrol Program for Agricultural Commodities
Produced in Canada, 1941 to 1950^{1/}

Item Exempted or Decontrolled	Effective	Authorization WPTB Order
Fresh fruits and vegetables; greenhouse products	Nov. 29/41	66
Sales of the following by <u>primary producers to the trade</u> :		
Livestock, poultry, eggs, milk, cream, dairy butter, farm cheese, honey and maple syrup	Dec. 1/41	67
Live animals	Jan. 10/42	80
Seeds as follows:		
Flower seeds, bulbs for production of flowers, herb seeds, seed potatoes, registered or certified seeds of vegetable, field root, forage, Canadian grasses and cereals and other regular or certified field seeds	Jan. 14/42	86
<u>Brought under control</u> : onions	Jan. 22/42	89
Sales <u>between farmers</u> of:		
Hay, grain, feed, seed potatoes, onion bulbs, farm implements or repair parts, machinery or repair parts, sacks, fencing and fence posts, milk cans, stecklings, nursery stock, cordwood, fertilizers, bees and bee supplies, livestock, meat, poultry, poultry products, farm-made dairy products, wool, hides and other agricultural products, supplies and services (special section covering services: custom grinding of grain, etc.)	Feb. 12/42	102
Hay and straw	Mar. 4/42	106

- 1/ a) At all times there were certain kinds of sales that were exempt from controls, i.e., sales to Munitions and Supply and for ships' stores, etc.
- b) Goods and services released from price control before V-J Day were considered EXEMPTIONS, after that date it was called DECONTROL.
- c) The overall price ceiling was imposed December 1, 1941.
- d) Primary producers' sales to the trade of livestock, milk, cream, farm cheese, Canadian raw leaf pipe tobacco and dry whole and split peas remained exempt throughout the period of price control but livestock prices were limited by wholesale meat ceilings; milk and cream prices by retail ceilings; tobacco prices by packers' ceilings and the price of peas by the processors' ceiling, so that primary producers' sales to the trade were more or less controlled.
- e) This list of items is not complete but includes the most important agricultural commodities of Canadian origin. It has been compiled from information obtained from the office of the Food Co-ordinator of the Wartime Prices and Trade Board, and from WPTB published Orders and Reports.

The Price Decontrol Program for Agricultural Commodities
Produced in Canada, 1941 to 1950^{1/} - Continued

Item Exempted or Decontrolled	Effective	Authorization WPTB Order
<u>Brought under control:</u> potatoes	Mar. 10/42	110
Birdseed or seed containing imported products and intended for song birds or other birds not of commercial value for production of eggs, meat or feathers	Aug. 10/42	168
<u>Brought under control:</u> eggs ^{2/}	Aug. 29/42	178
honey ^{3/}	Sept. 14/42	182
onions & potatoes (except onions & potatoes sold by the producer to the trade)	Oct. 1/42	4/189
dressed poultry ^{5/}	Nov. 2/42	197
Show beef	Jan. 11/43	199
<u>Brought under control:</u> dairy butter ^{3/}	Mar. 1/43	237
maple syrup ^{6/}	Mar. 10/43	250
live poultry ^{5/}	May 22/43	268
tree fruits: peaches	Aug. 16/43	A.850
pears, plums	Sept. 6/43	A.873
grapes	Sept. 6/43	A.876
certified seed potatoes	Oct. 1/43	A.892
apples		
root vegetables (carrots, beets, turnips, rutabagas)	Nov. 1/43	A.955
Onions and potatoes ^{7/} , wheat, rye, cut flowers, sales of nursery stock not already exempt; birdseed or feed not containing imported products and not intended for song birds or other birds not of commercial value for production of eggs, meat or feathers; seeds, bulbs, roots and other stock for plant production, not already listed	Dec. 1/43	336

^{2/} Wholesale cents per dozen ceiling imposed. This was reflected in the price the primary producer could charge the customer.

^{3/} Cents per pound ceiling imposed on sales by primary producers to the trade.

^{4/} This Order revoked all previous orders and regrouped the commodities.

^{5/} Wholesale cents per pound ceilings listed. All sales which were not retail were considered wholesale.

^{6/} Cents per gallon ceiling imposed on sales by the primary producer.

^{7/} This leaves all fresh fruits and vegetables exempt again.

The Price Decontrol Program for Agricultural Commodities
Produced in Canada, 1941 to 1950 - Continued

Item Exempted or Decontrolled	Effective	Authorization WPTB Order
<u>Brought under control:</u> imported fruits & vegetables	Feb. 9/44	A.1091
strawberries & raspberries	May 29/44	A.1224
cherries	June 20/44	A.1258
eastern wheat	July 27/44	423
hay sold east of the Manitoba-Ontario boundary including hay sold by one primary producer to another	Oct. 20/44	A.1414
Canadian raw leaf pipe tobacco sold by a grower to a licensed tobacco packer; dry whole or split peas sold by a primary producer to a processor	Mar. 1/45	490
<u>Brought under control:</u> apricots	July 16/45	A.1680
show beef	Nov. 19/45	A.1804
Hops; dehydrated vegetables; ice cream stabilizers (excluding gelatine); fruits in brine or sulphured; barrelled fruits & berries preserved in SO ₂ for further processing	Feb. 1/46	596
Sunflower seed packaged for sale as food; canned beets, carrots & mushrooms	Mar. 16/46	613
Specialty cheeses, but not cheddar, processed or cream cheese; frozen fruits packed for processing; clamshell and poultry grit	May 11/46	629
Milk taken over by provincial Milk Boards	June 1/46	632
Frozen fruits in containers of a size of 66 fluid oz. or more	July 8/46	642
Lima beans, red kidney beans; cottage cheese; maple products; all fresh vegetables, Can. grown or imported; all fresh fruits, Can. grown or imported except apples; dried apricots, peaches & pears; fruit juices & fruit juice concentrates; fruits preserved in brine or sulphur; dehydrated fruits, except apples; apples of the 1947 crop; cooked meats & canned goods as explained below; cooked meat loaves and other ground meats including those in pastry or pie crust; cooked jellied meat, cooked pig's feet, smoked & cooked sausage but not wieners, frankfurters or bologna; canned goods freed from price control include all canned baby vegetables & other canned		

The Price Decontrol Program for Agricultural Commodities
Produced in Canada, 1941 to 1950^{1/} - Continued

Item Exempted or Decontrolled	Effective	Authorization WPTB Order
vegetables as listed below ^{8/} , also canned fruit and canned meat ^{8/} , also canned pectin, pectin preparations, preserves & mincemeat; pesticides except gopher poison	Jan. 13/47	684
Eggs ^{2/}	Mar. 17/47	2/
Dried chipped beef, certain smoked cooked sausage, certain canned meat ^{10/} ; turkeys, live, dressed, canned; ducks, live, dressed, canned; geese, live, dressed, canned; eggs, frozen, powdered; beef casings, hog bungs; wild rice; maple products (1946); preparations containing powdered milk; wool	Apr. 2/47	711
Honey & honey butter, fresh apples, canned or frozen peas, canned or frozen cherries, canned or frozen plums; canned soups; marmalade & jellies, all jams except those containing strawberries or raspberries; chicken or fowl, live, dressed or canned; creamery butter, dairy butter, whey butter; casein; cheddar cheese, processed cheese, cream cheese; evaporated milk, condensed milk, milk powder, ice cream; hay sold east of the Manitoba-Ontario boundary including hay sold by one primary producer to another	June 9/47	737
Fertilizers, gopher poison	July 1/47	737 (Notice 1)
Canned apricots	Aug. 22/47	737 (Notice 2)
Canned goods as follows: corn, tomatoes, tomato paste, tomato pulp, tomato puree, tomato sauce, tomato catsup, chili sauce, peaches, pears	Sept. 1/47	737 (Notices 4 & 5)

^{8/} Vegetables: lima beans, mixed vegetables, tomato juice, red kidney beans, rhubarb, tomato juice cocktail, asparagus, spinach, vegetable juices, macedoine, succotash.

Fruits: apples, lawtonberries, strawberries, applesauce, blackberries, loganberries, salad fruits, apple syrup, blueberries, pineapple, fruit cocktail, crabapples, raspberries, apple pomace. The above fruits and vegetables in frozen or quick frozen form also are freed from price control.

Canned meats: meat and poultry sandwich spreads, stews, boiled dinners, hashes, chicken dinners.

^{2/} Eggs appear in WPTB Order No. 711, effective Apr. 2/47 but were actually released from control on March 17, 1947 as announced by the Minister of Agriculture.

^{10/} Canned meats with ingredients other than gelatine or agar, excepting corned beef, comminuted meats & comminuted meat by-products or combinations thereof, including meat loaves, when cooked or jellied, other than in canned form.

The Price Decontrol Program for Agricultural Commodities
Produced in Canada, 1941 to 1950 - Continued

Item Exempted or Decontrolled	Effective	Authorization WPTB Order
All kinds of flour, meal & grit; shelled corn, dried peas & beans; corn oil; feeds, except coarse grains; canned fruits & vegetables; show beef; farm machinery	Sept. 15/47	757
<u>Brought under control:</u> show beef	Oct. 1/47	761
Meat & meat products ^{11/} except lard & tallow; beef, including Kosher & show; veal, lamb, mutton, pork; fancy meats, sausage & sausage meat; barrelled beef & pork; offals, glands & casings; canned corned beef & cooked or jellied tongues; oats, barley & screenings - whole, ground, crushed, crimped or cut, or mixtures of these grains; used bags and used bagging & baling materials	Oct. 22/47 ^{12/}	766
<u>Brought under control:</u> canned: peaches, pears, plums, corn, peas, tomatoes, tomato juice, green beans & wax beans	Nov. 27/47	757 (Notice 2)
canned: citrus juices (grapefruit, orange, lemon & blended grapefruit & orange)	Dec. 4/47	757 (Notice 3)
Dried raisins, currants & prunes	Dec. 31/47	757 (Notice 4)
<u>Brought under control:</u> ammonium nitrate fertilizers	Jan. 12/48	^{13/}
imported fresh grapes	Jan. 15/48	757 (Notice 5)
butterfat	Jan. 19/48	757 (Notice 6)
cyanamide fertilizers	Jan. 29/48	^{13/}
cabbages & citrus fruits (oranges, grapefruit, limes, lemons & tangerines)	Feb. 19/48	757 (Notice 7)
carrots	Mar. 5/48	757 (Notice 8)
imported new potatoes	May 17/48	757 (Notice 10)

^{11/} Processing & service charges relating to each one released at the same time.

^{12/} After this date the items still under control were wheat, flaxseed, rape-seed & sunflowerseed not packaged for human consumption, sugar, molasses, dried fruits, lard & shortening.

^{13/} Fertilizer Co-ordinator's Directive.

The Price Decontrol Program for Agricultural Commodities
Produced in Canada, 1941 to 1950¹/ - Continued

Item Exempted or Decontrolled	Effective	Authorization WPTB Order
Wheat (Ontario winter)	June 18/48	757 (Notice 12)
Fertilizers - ammonium nitrate & cyanamide	July 8/48	<u>13</u> /
<u>Brought under control</u> : imported onions & apples	July 9/48	757 (Notice 13)
barley, oats, flaxseed, rapeseed, sunflower seed; grain screenings; fats & oils of animals, vege- table or marine origin, including lard & tallow but not linseed oil, corn oil, wool grease, etc.	Aug. 2/48	757 (Notice 14)
<u>Brought under control</u> : flour made wholly or partly from Western Canada wheat; bread made wholly or partly from such flour	Aug. 19/48	757 (Notice 15)
imported celery, lettuce, spinach & tomatoes	Nov. 1/48	757 (Notice 16)
Flour, bread; sugar, sugar cane syrups, molasses; butter, imported onions, celery, lettuce, spinach, apples; canned: peaches, pears, plums, corn, peas, beans, tomatoes & tomato juice.	Mar. 22/49	757 (Notice 17)
Cabbage	Mar. 31/49	757 (Notice 18) & A.2530
Carrots, imported new potatoes & grapes, oranges, grapefruit, lemons, limes, tangerines & Japanese mandarins; canned: grapefruit juice, lemon, orange & blended juices	Oct. 17/49	<u>14</u> / 757 (Notice 19)

14/ This order released all remaining foods from control.

Chapter 4. Summary

Federal legislation pertaining to the marketing and prices of farm products may be considered as having generally four functions: (1) to improve the quality of farm products moving in interprovincial and export trade by establishing grades and standards of quality and so enabling producers to obtain payment in accordance with the quality of their products; (2) to facilitate trading and movement of graded products through interprovincial and export channels of distribution; (3) to protect the consumer by establishing a basis for buying according to grade; and (4) to provide assistance in developing orderly marketing techniques.

This reference paper dealt, in the main, with the fourth function and its operation under prewar, war and post-war conditions. The general overall purpose of this latter type of legislation is to reduce price instability, and indirectly to have a steadying influence on farm income. In addition to federal legislation, all the provinces have marketing legislation of a similar type covering all farm products. The wartime price stabilization program also had the effect of minimizing price fluctuations, but the major purpose was to assure a maximum production of essential goods during the war years.

Federal marketing and prices legislation currently in force include:

- a) The Canadian Wheat Board Act which is administered by the Department of Trade and Commerce;
- b) The Agricultural Products Co-operative Marketing Act;
- c) The Agricultural Prices Support Act;
- d) The Agricultural Products Marketing Act;
- e) The Agricultural Products Act.

The latter four Acts are administered by the Department of Agriculture. The Agricultural Products Act will expire on March 31, 1951, unless renewed by Parliament.

Appendix A

Constitutional Position.- The distribution of legislative powers between the federal and provincial governments as regards the marketing of agricultural products is defined in the B.N.A. Act (Sec. 95 "Agriculture" and Sec. 91 (2) "Trade and Commerce").

No constitutional difficulties have arisen over legislation based on federal powers to legislate with respect to "Agriculture." Provincial legislation touching fields covered by Federal Acts has been enacted from time to time, usually after consultation between the governments involved. But such provincial legislation has recognized the seniority of the federal authority as defined in Section 95 of the B.N.A. Act.

Marketing legislation, however, draws its authority from federal jurisdiction over "Trade and Commerce." It has been concerned mainly with marketing controls and with the grading of agricultural products. A series of court cases has defined the fields of jurisdiction of the provinces under "Property and Civil Rights" and of the federal authority under "Trade and Commerce."

An outline of the constitutional position was published in "Agriculture" a reference book prepared for the Dominion-Provincial Conference on Reconstruction held in August 1945. The basic pattern of federal-provincial relations has remained unchanged.

Appendix B

Federal and Provincial^{1/} Regulatory Legislation Covering the Marketing of Farm Products.-

1. Livestock and Poultry

Federal. Live Stock and Live Stock Products Act, R.S.C. 1927, c. 120; 1928, c. 33; 1934, c. 20; 1935, c. 42; 1939, c. 47; 1949 (2 Sess.) c. 28.

Provincial

a) Livestock and Livestock Products

British Columbia - Poultry and Poultry Products Act, 1940, c. 40.

The Hog Grading Act, R.S. 1948, c. 146.

Beef Grading Act, R.S. 1948, c. 26.

Wool Grades Act, R.S. 1940, c. 368.

Alberta - The Alberta Live Stock and Live Stock Products Act, R.S.A. 1942, c. 88; 1936, c. 61.

The Stock Inspection Act, R.S.A. 1922, c. 69; R.S.A. 1942, c. 97.

Saskatchewan - The Live Stock and Live Stock Products Act, 1940.

R.S.S. 1940, c. 187.

Manitoba - The Manitoba Livestock and Livestock Products Act, 1936, c. 24; 1944, c. 19; 1927, R.S.M. 1927, c. 120.

Ontario - The Live Stock and Live Stock Products Act, 1950.

Quebec - Agricultural Products Act, 1941. Q.R.S. 1941, c. 132.

New Brunswick - The Natural Products Control Act, 1937, c. 53.

Nova Scotia - Natural Products Marketing Act, 1937, c. 52.

Agriculture and Marketing Act, 1939, c. 4. Pt. XVI. -

"The Grading, Packing, Inspection and Sale of Natural Products of the Province", 1940, c. 54; 1942, c. 46; 1943, c. 36 (proclaimed 4-6-43); 1944, c. 39; 1945, c. 61; 1946, c. 43; 1947, c. 51; 1948, c. 53.

Prince Edward Island - Agricultural Products Marketing Act, 1940, c. 40.

b) Eggs and Poultry

British Columbia - Poultry and Poultry Products Act, 1940, c. 40.

Alberta - The Alberta Live Stock and Live Stock Products Act, 1936, c. 61; R.S.A. 1942, c. 88.

Saskatchewan - The Live Stock and Live Stock Products Act, 1940.

R.S.S. 1940, c. 187.

Manitoba - The Manitoba Livestock and Livestock Products Act, 1927.

R.S.M. c. 120; 1936, c. 24; 1944, c. 19.

Ontario - The Live Stock and Live Stock Products Act, 1950.

Quebec - Agricultural Products Act, 1941. Q.R.S. 1941, c. 132.

New Brunswick - The Natural Products Control Act, 1937, c. 53.

Nova Scotia - Natural Products Marketing Act, 1937, c. 52.

Agriculture and Marketing Act, 1939, c. 4. Pt. XVI - "The Grading, Packing, Inspection and Sale of Natural Products of the Province";

^{1/} Excluding Newfoundland.

1940, c. 54; 1942, c. 46; 1943, c. 36 (proclaimed 4-6-43); 1944, c. 39; 1945, c. 61; 1946, c. 43; 1947, c. 51; 1948, c. 53.

Prince Edward Island - The Poultry and Poultry Products Act, 1940, c. 48.

The Provincial Live Stock and Live Stock Products Act, 1940, c. 39.

2. Dairy Products

Federal. Dairy Industry Act, R.S.C. 1927, c. 45; 1928, c. 19; 1931, c. 31; 1934, c. 12; 1936, c. 32; 1937, c. 8; 1938, c. 45; 1939, c. 15; 1940, c. 8. Cold Storage Act, 1907. R.S.C. 1927, c. 25; 1950, Bill 222.

Cheese and Cheese Factory Improvement Act; 1939, c. 13; 1940, c. 26; 1949 (1st Sess.) c. 10.

Meat and Canned Foods Act, R.S.C. 1927, c. 77; 1934, c. 38; 1935, c. 31; 1939, c. 19; 1940-41, c. 6; 1946, c. 57.

Regulations under the Feeding Stuffs Act. R.S.C. 1927, c. 67; 1937, c. 30; 1946, c. 16; 1947, c. 6.

Provincial

British Columbia - Dairy Industries (British Columbia) Act, R.S.B.C. 1948, c. 80; 1949, c. 16.

Alberta - Alberta Marketing Act, 1939, c. 3; 1949, c. 11.

Saskatchewan - Dairy Products Act, 1938, c. 58; 1941, c. 61; 1948, c. 85.

Manitoba - The Dairy Act, 1935, c. 10; 1947, c. 13.

Ontario - Farm Products Grades and Sales Act, 1934, c. 24; 1939, c. 15; 1943, c. 28; 1946, c. 28; 1947, c. 36; 1948, c. 29.

Quebec - Dairy Products Act, R.S.Q. 1925, c. 63; 1944, c. 32; 1947, c. 46.

New Brunswick - Natural Products Act, 1937, c. 52.

Prince Edward Island - Dairyemen's Association Act, 1925, c. 18. As amended.

3. Fruits, Vegetables, Honey and Maple Products

Federal - Fruit, Vegetables and Honey Act, 1935, c. 62.

Meat and Canned Foods Act, R.S.C. 1927, c. 77; 1934, c. 38; 1935, c. 31; 1939, c. 19; 1940-41, c. 6; 1946, c. 57.

Maple Sugar Industry Act, 1930, c. 30; 1945 (2 Sess.), c. 24.

Provincial

British Columbia - Fruit, Vegetables and Honey Grades Act, 1937, c. 23; 1939, c. 21; 1940, c. 15.

Alberta - Vegetable Sales (Alberta) Act, 1941. R.S.A. 1942, c. 287.

Saskatchewan - Vegetable and Honey Sales Act, 1947, c. 70.

Manitoba - The Vegetable Sales Act 1941-2, c. 64.

Ontario - Farm Products Grades and Sales Acts. R.S.O. 1937, c. 307; 1939, c. 15; 1943, c. 28; 1946, c. 28; 1947, c. 36; 1948, c. 29.

Quebec - Agricultural Products Act, 1925. R.S.Q. 1941, c. 132.

New Brunswick - The Natural Products Act, 1937, c. 52.

Nova Scotia - Agriculture and Marketing Act, 1939, c. 4. Pt. XVI: "The Grading, Packing, Inspection and Sale of Natural Products of the Province", 1940, c. 54; 1942; c. 46; 1943, c. 36 (proclaimed 4-6-43); 1944, c. 39; 1945, c. 61; 1946, c. 43; 1947, c. 51; 1948, c. 53.

Prince Edward Island - The Agricultural Products Marketing (Prince Edward Island) Act, 1940, c. 40; 1949, c. 2.
Prince Edward Island Potato Act, 1947, c. 28.

4. Grains

Federal -Canada Grain Act, 1912, c. 27, C.S.; R.S.C. 1927, c. 86; 1929, c. 9; 1930, c. 5, C.S.; 1932-33, cc. 9, 24; 1934, c. 26; 1938, c. 5; 1939, c. 36; 1940, c. 6; 1947, c. 3. This Act repealed: The Manitoba Grain Act, R.S.C. 1906, c. 83; the Manitoba Grain Inspection Act, 1908, c. 45; Part II of the Inspection and Sale Act, R.S.C. 1906, c. 85; Inspection and Sale of Grain Amendment Act, 1908, c. 36 (1908 Amendment to the Inspection and Sale Act).

(Provincial listing has not been included since the Federal Government bears the major responsibility as far as grains are concerned.)

5. General

Federal - The Seeds Act, R.S.C. 1927, c. 185; 1928, c. 47; 1937, c. 40, C.S.; 1938, c. 51; 1940, c. 16.

The Feeding Stuffs Act, R.S.C. 1927, c. 67; 1937, c. 30, C.S.; 1946, c. 16; 1947, c. 6.

The Fertilizers Act, R.S.C. 1927, c. 69; 1928, c. 27; 1947, c. 7.

The Pest Control Products Act, R.S.C. 1927, c. 5; 1939, c. 21.

The Hay and Straw Inspection Act, 1932-33, c. 26.

The Inspection and Sale Act, R.S.C. 1927, c. 100; 1930, c. 22, s. 3; 1932-33, c. 26, s. 4; 1938, c. 32, C.S.; 1947, c. 20.

Appendix C

The Administrative Set-up of Agricultural Marketing and Price Boards and Agencies..

The Canadian Wheat Board.- The Board has three to five members appointed by the Governor in Council. One member is appointed Chief Commissioner, and one Assistant Chief Commissioner.

Investment transactions by the Board are handled by a three-member Investment Committee consisting of: a) one member nominated by the Minister of Finance; b) the Governor of the Bank of Canada, or in his absence or incapacity, the Deputy Governor or Acting Governor; and c) one member nominated by the Board.

An Advisory Committee to the Board appointed by the Governor in Council has eleven members, six of whom represent wheat producers.

The Agricultural Prices Support Board.- There are three Board members, including the Chairman and Vice-Chairman.

Members of the Advisory Committee to the Board are the President of the Canadian Federation of Agriculture as the Chairman, the provincial Deputy Ministers of Agriculture and seven representatives of provincial organizations of farmers.

The Meat Board.- There are four members of this Board, one of whom is appointed Chairman.

The Dairy Products Board.- This Board has three members including the Chairman.

The administration of The Agricultural Products Marketing Act and of The Agricultural Products Co-operative Marketing Act is under the direction of the Minister of Agriculture.



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